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Annual Report Fiscal Year 1983

Outer Continental Shelf Oil and Gas Leasing and Production Program

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U.S. Department of the Interior
Minerals Management Service
OCS Report MMS 84-0010

ANNUAL REPORT

FISCAL YEAR 1983

OUTER CONTINENTAL SHELF
OIL AND GAS LEASING
AND
PRODUCTION PROGRAM

U. S. Department of the Interior

Minerals Management Service

MMS Report No. 84-0010

March 30, 1984

This report is submitted to the Congress of the United States Pursuant to Sections 15(1) and 22(g) of the Outer Continental Shelf Lands Act Amendments of 1978 (PL 95-372).

Substantial changes have occurred in the management and direction of the Outer Continental Shelf Oil and Gas Leasing and Production Program since the end of the fiscal year on September 30, 1983. These changes have not been included in the body of this report, to maintain a consistency with the time period the report is required to cover. Where issues were resolved after September 30, 1983, and prior to the submission of this report to the Congress, the information appears in the Footnotes -- Program Update portion of the report starting on Page 55. Subsequent information on changes and events affecting the program may be obtained from the Office of Offshore Information Services, Minerals Management Service, MS 640, Main Interior Building, Washington, D.C. 20240. Telephone (202) 343-3421, or 343-9314.

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EXECUTIVE SUMMARY

The Annual Report on the Outer Continental Shelf (OCS) Oil and Gas Leasing and Production Program for Fiscal Year (FY) 1983 is submitted to the Congress pursuant to section 15(1) of the OCS Lands Act, as amended. This report describes the OCS leasing and production activities during FY 1983, including a summary of receipts and expenditures, and, in compliance with section 22(g) of the Act, also includes information on OCS safety violations submitted by the U.S. Coast Guard.

Oil and gas production from the OCS constitutes an important part of the Nation's domestic energy supply. To provide access to possible new sources of oil and gas offshore, the Department of the Interior (DOI), through the Minerals Management Service (MMS), conducted eight OCS lease sales during FY 1983, one of which was divided into two parts. Tracts in the Gulf of Mexico (GOM) were offered in three of the sales, including the sale that was held in two parts because of special circumstances involving preparation of the prelease documents. Of the five remaining sales, three were offshore Alaska, and two were in the Mid-Atlantic and South Atlantic.

The eight sales resulted in the leasing of 1,420 tracts covering 7,493,781 offshore acres.[1] A total of $8,397,804,592 was received in bonus money. First year rentals from the eight sales totaled $22,901,682. Funds received during the 12-month period of the fiscal year were $7,543,766,624 in bonuses and rentals, plus $2,947,728,610 in royalties, for a total of $10,491,495,234. In addition, receipts in the escrow accounts totaled $893,488,826, bringing total OCS program receipts to $11,384,984,060. Total FY 1983 obligations for the offshore energy program were estimated at $104,876,000.

On the basis of MMS figures, oil and gas produced on the OCS in FY 1983 amounted to more than 342 million barrels of crude oil and condensate and more than 4.0 trillion cubic feet of natural gas. Federal offshore oil production amounted to 10.8 percent of total U.S. production during FY 1983, while offshore gas amounted to 24.4 percent of total U.S. production. All of the offshore production occurred in the GOM and off southern California. A total of 383 exploratory wells and 588 development wells was drilled on existing leases during FY 1983.

The following tabulation shows the breakdown of acreage under lease and the number of active leases at the end of FY 1983.

OCS Region	Total Acres Under Lease	Active Leases
Alaska	1,362,645	253
Atlantic	1,633,891	258
Gulf of Mexico	15,473,983	3,084
Pacific	941,125	179
TOTAL	19,411,644	3,774

Source: Minerals Management Service
OCS Regional Offices

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From the program's inception in 1954 to the end of FY 1983, 78 sales of OCS acreage were held. Of these, 73 were oil and gas lease sales, including two reoffering sales. In addition, there were two salt sales and three sulfur sales. The total bonus for all leased tracts through FY 1983 was more than $47 billion, and more than $20.7 billion was received in royalties. About 6.3 billion barrels of crude oil and condensate and 62 trillion cubic feet of natural gas were produced from the OCS between 1954 and the end of FY 1983.

During FY 1983, the MMS continued to implement the 5-Year OCS Oil and Gas Leasing Program covering the period from August 1982 through June 1987. This program, which was prepared in accordance with the requirements of section 18 of the OCS Lands Act, as amended, was designed to provide for exploration and development of OCS oil and gas while maintaining environmental safeguards. The program was upheld in all respects by the United States Court of Appeals for the District of Columbia Circuit on June 9, 1983 (California v. Watt, 712 F.2d 584).

The approved program includes 41 lease sales. Of these, 16 are for tracts offshore Alaska, 12 are in the Gulf of Mexico, 8 are in the Atlantic, 4 are offshore California, and 1 was a reoffering of tracts in Alaskan, Atlantic, and California waters.

As a result of litigation against the DOI regarding Sale No. 53 (Central and Northern California, held May 28, 1981), the Department decided to prepare consistency determinations prior to lease sales, pursuant to section 307(c)(1) of the Coastal Zone Management Act (CZMA). Thirty such consistency determinations were prepared during FY 1983 on 10 sales (not all of them FY 1983 sales). Decisions by the District Court for the Central District of California and the Ninth Circuit Court of Appeals, which led to the preparation of prelease consistency determinations, were appealed by the Justice Department to the U.S. Supreme Court on behalf of the Interior Department.[2]

Legal actions were pursued against all three of the Alaska sales held during FY 1983, as well as against the Mid-Atlantic sale. In addition, Sale No. 52, in the Georges Bank area of the North Atlantic, was the target of litigation by the Conservation Law Foundation and the Commonwealth of Massachusetts. This sale, originally listed on the 5-year schedule for October 1982 and later postponed until March 1983, was not held.[3]

Drilling in the discovery field off Point Arguello on the central California coast continued during 1983. Discoveries initially made during FY 1982 on tracts leased during Sale No. 48 in 1979 were expanded in FY 1983 through exploratory drilling on tracts in the Sale No. 53 area, leased in May 1981. The Point Arguello find is the largest U.S. discovery since Alaska's Prudhoe Bay, with unofficial estimates running as high as 500 million barrels of oil.

The Interior Department Appropriations Act for FY 1983 (P.L. 97-394), signed December 30, 1982, expanded a prior leasing prohibition on four basins (Eel River, Point Arena, Bodega and Santa Cruz) in the Central and Northern California Planning Area. Specifically, the FY 1983 law prohibited leasing in an area between a line extending westward from Morro Bay and a line extending westward from the California-Oregon border. About 35.5 million acres, including 0.5 million acres seaward of the Point Reyes National Seashore banned from leasing by the OCS Lands Act Amendments of 1978, were eliminated from leasing consideration. This prohibition affected Sale No. 73, which had been planned for September 1983.[4]

In addition, the FY 1983 Appropriations Act banned leasing on 55 canyonhead tracts totaling about 316,000 acres offshore New Jersey. This prohibition affected Mid-Atlantic Lease Sale No. 76, held April 26, 1983.

Investigations concerning three alleged violations of safety regulations were conducted by the Coast Guard during FY 1983. No violations were found as a result of these investigations and no administrative or judicial action was taken.

I. OCS MINERALS MANAGEMENT

The OCS Lands Act of 1953 (43 USC 1331-1343), as amended by the OCS Lands Act Amendments of 1978 (PL 95-372; 92 Stat. 629), charges the Secretary of the Interior with responsibility for administering mineral exploration and development, as well as conserving the natural resources of the OCS.

The Act sets forth several major goals for the comprehensive management of marine minerals. These goals include:

1. Ensuring orderly and timely development of mineral resources to meet the energy demands of the Nation.
2. Providing for protection of the environment concomitant with mineral resource development.
3. Providing for receipt of fair market value for the leased mineral resources.

Within the DOI, the OCS program is administered by the MMS. Following its creation chiefly from the U.S. Geological Survey's Conservation Division on January 19, 1982, by Secretarial Order No. 3071, the MMS underwent a series of organizational changes. On May 10, 1982, the leasing and resource functions for the OCS that were formerly within the Bureau of Land Management (BLM) were placed within the MMS. On December 3, 1982, with the signing of Secretarial Order No. 3087, the onshore minerals management functions that were formerly in the Conservation Division were consolidated within the BLM. This order also consolidated minerals leasing revenue functions within the MMS and assigned the MMS to the Assistant Secretary for Energy and Minerals. The organizational restructuring was designed to achieve further administrative efficiencies and facilitate comprehensive resource planning and management. One of the objectives was to enable the Department to balance protection of the marine and coastal environments with energy and security needs of the Nation more effectively.[5]

The MMS's offshore minerals management functions are directed by an Associate Director for Offshore Minerals Management, who reports to the agency's Director. The Associate Director is responsible for resource evaluation, environmental assessment, leasing management, rules and operations, and inspection and enforcement programs for the OCS. Responsibility is shared with two Deputy Associate Directors and program implementation is carried out by five staff divisions and four regional offices: Alaska, Atlantic, Gulf of Mexico, and Pacific (Figure 3, Page 59).

II. LEASING AND OPERATIONAL ACTIVITIES

A. Fiscal Year 1983 OCS Oil and Gas Lease Sales

During FY 1983, eight OCS lease sales were conducted (Table 1). One sale, offering areas offshore all GOM States, was divided into two parts because of special circumstances involving preparation of prelease documents. A ninth sale, in the Georges Bank area of the North Atlantic, was postponed because of numerous delays caused by litigation.[3]

A total of 22,034 tracts covering 121,844,036 acres was offered in the eight sales. Of the tracts offered, 1,420 tracts covering 7,493,781 acres were leased for a total accepted bonus of $8,397,804,592.

Of the 1,420 tracts leased, 1,066 tracts were leased under a cash bonus bidding system with a 16 2/3 percent royalty, 288 tracts were leased under a cash bonus bidding system with a 12 1/2 percent royalty, 38 tracts were leased under a cash bonus bidding system with a sliding scale royalty, and 28 tracts were leased under a cash bonus bidding system with a fixed net profit share.

Following is a summary of the eight sales:

Sale No. 71, Diapir Field, Alaska: A total of 338 tracts (1,825,770 acres) was offered for lease on October 13, 1982, in Anchorage, Alaska. Of these, 125 tracts (683,026 acres) were bid on and 121 tracts (662,861 acres) were leased for a total accepted bonus of $2,055,632,336. Of the 121 leased tracts, 102 were leased under the cash bonus bidding system with a fixed royalty of 16 2/3 percent, 3 were leased under cash bonus bidding with a fixed royalty of 12 1/2 percent, and 16 were leased under cash bonus bidding with a sliding scale royalty.

A lawsuit filed by the North Slope Borough and others challenged whether seasonal drilling restrictions in the Beaufort Sea adequately protected the endangered bowhead whales, whether DOI met its statutory obligations under the National Environmental Policy Act (NEPA) without having issued a supplemental Environmental Impact Statement (EIS), or under the CZMA without having issued a consistency determination. Oral arguments were heard in the District Court for Alaska on August 2, 1983, and a decision was pending.[6]

Sale No. 69, Part 1, Gulf of Mexico: This sale was the first part of the original Sale No. 69, which was to have offered tracts offshore all GOM States. Special circumstances involving preparation of the prelease documents caused the sale to be divided into Part 1 (tracts offshore Louisiana and Texas), and Part 2 (tracts offshore Alabama, Florida, Louisiana and Mississippi). (See Page 7.) In Part 1, a total of 144 tracts (732,570 acres) was offered for lease on November 17, 1982, in New Orleans, Louisiana.

Table 1. SUMMARY OF OUTER CONTINENTAL SHELF LEASE SALES, FISCAL YEAR 1983

Sale No., Area and Date	Tracts and Acres Offered	Tracts and Acres Bid On	Tracts and Acres Leased	Bid Systems On Tracts Leased	Total Bonus Accepted	No. Companies Bidding	No. Bids Rec'd	First Year Rentals
71-Diapir Field, AK 10/13/82	338 tracts 1,825,770 acres	125 tracts 683,026 acres	121 tracts 662,861 acres	(a) 102 (b) 3 (c) 16	$ 2,055,632,336	23	252	$ 2,146,112
69(1)-Gulf of Mexico 11/17/82	144 tracts 732,570 acres	67 tracts 339,999 acres	56 tracts 281,213 acres	(a) 51 (b) 3 (d) 2	$ 609,178,223	62	151	$ 850,107
69(2)-Gulf of Mexico 3/8/83	125 tracts 665,478 acres	13 tracts 68,106 acres	11 tracts 58,120 acres	(a) 11	$ 37,570,900	12	20	$ 174,360
57-Norton Basin, AK 3/15/83	418 tracts 2,379,751 acres	64 tracts 364,364 acres	59 tracts 335,898 acres	(b) 52 (c) 7	$ 317,873,372	11	98	$ 1,087,488
70-St.George Basin, AK 4/12/83	479 tracts 2,688,787 acres	97 tracts 552,239 acres	*96 tracts 546,546 acres	(b) 81 (c) 15	$ 426,458,830	19	150	$ 1,751,248
76-Mid Atlantic 4/26/83	4,050 tracts 22,670,685 acres	40 tracts 227,727 acres	*37 tracts 210,641 acres	(b) 35 (d) 2	$ 68,410,240	12	53	$ 681,984
72-Central Gulf of Mex 5/25/83	7,050 tracts 37,867,762 acres	656 tracts 3,249,199 acres	623 tracts 3,089,872 acres	(a) 541 (b) 61 (d) 21	$ 3,367,606,134	78	1,015	$ 9,269,616
78-South Atlantic 7/26/83	3,582 tracts 20,392,985 acres	11 tracts 62,625 acres	11 tracts 62,625 acres	(b) 11	$ 13,362,040	6	12	$ 202,752
74-Western Gulf of Mex 8/24/83	5,848 tracts 32,620,248 acres	436 tracts 2,410,809 acres	406 tracts 2,246,005 acres	(a) 361 (b) 42 (d) 3	$ 1,501,712,517	76	773	$ 6,738,015
TOTAL	22,034 tracts 121,844,036 acres	1,509 tracts 7,958,094 acres	*1,420 tracts 7,493,781 acres	(a) 1,066 (b) 288 (c) 38 (d) 28	$ 8,397,804,592	--	2,524	$22,901,682

* Lease issuance for 96 tracts in Sale No. 70, and 4 of the 37 tracts in Sale No. 76 awaited outcome of litigation at close of FY 1983. See Program Update, Footnotes 8 and 9.

(a) Leased under a cash bonus with a 16-2/3% royalty.
(b) Leased under a cash bonus with a 12-1/2% royalty.
(c) Leased under a cash bonus with a sliding scale royalty.
(d) Leased under a cash bonus with a fixed net profit share.

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Of these, 67 tracts (339,999 acres) were bid on and 56 tracts (281,213 acres) were leased for a total accepted bonus of $609,178,223. Of the 56 leased tracts, 51 were leased under a cash bonus bidding system with a 16 2/3 percent royalty, 3 were leased under cash bonus bidding with a 12 1/2 percent royalty, and 2 were leased under cash bonus bidding with a fixed net profit share system.

Sale No. 69, Part 2, Gulf of Mexico: A total of 125 tracts (665,478 acres) was offered for lease on March 8, 1983, in New Orleans, Louisiana. Of these, 13 tracts (68,106 acres) were bid on and 11 tracts (58,120 acres) were leased for a total accepted bonus of $37,570,900. All of the 11 leased tracts were leased under a cash bonus bidding system with a 16 2/3 percent royalty.

Neither part of Sale 69 was involved in litigation.

Sale No. 57, Norton Basin, Alaska: A total of 418 tracts (2,379,751 acres) was offered for lease on March 15, 1983, in Anchorage, Alaska. Of these, 64 tracts (364,364 acres) were bid on and 59 tracts (335,898 acres) were leased for a total accepted bonus of $317,873,372. Of the 59 leased tracts, 52 were leased under a cash bonus bidding system with a 12 1/2 percent royalty, and 7 were leased under cash bonus bidding with a sliding scale royalty.

The Village of Gambell and the Village of Stebbins filed suit in the Federal District Court for Alaska seeking to block the sale on the basis that OCS leasing would deprive them of their rights to subsistence. Interior won in District Court. The plaintiffs appealed to the Ninth Circuit Court, where oral arguments were scheduled to be heard on October 7, 1983.[7]

A similar suit, brought by the Association of Village Council Presidents, involved more than a dozen Indian and environmental statutes. The plaintiffs contended that OCS leasing would interfere with native subsistence habits. The suit was pending in the Federal District Court for Alaska.

Sale No. 70, St. George Basin, Alaska: A total of 479 tracts (2,688,787 acres) was offered for lease on April 12, 1983, in Anchorage, Alaska. Bids were received on 97 tracts (552,239 acres) and bids were accepted on 96 tracts (546,546 acres), for a total accepted bonus of $426,458,830. Of the 96 tracts bid on, 81 were bid under a cash bonus bidding system with a 12 1/2 percent royalty, and 15 were bid on under cash bonus bidding system with a sliding scale royalty.

The Village of False Pass and others filed a complaint contending that the Department's EIS was inadequate and that the sale violated the Endangered Species Act. A temporary injunction preventing the Department from issuing leases was continued by the Court of Appeals for the Ninth Circuit on July 14, 1983, pending an appeal.[8]

Sale No. 76, Mid-Atlantic: This sale was the first to offer tracts under the areawide leasing concept approved by the Secretary in July 1982 as part of the 5-Year Oil and Gas Leasing Program. A total of 4,050 tracts (22,670,685 acres) was offered for lease on April 26, 1983, in New York City. Of these, 40 tracts (227,727 acres) were bid on and 37 tracts (210,641 acres) were leased for a total accepted bonus of $68,410,240. Of the 37 leased tracts, 35 were leased under a cash bonus bidding system with a 12 1/2 percent royalty, and 2 were leased under cash bonus bidding with a fixed net profit share system.

A lawsuit filed in District Court for the Eastern District of New York sought to enjoin DOI from offering 135 blocks off Long Island and 22 blocks for which New York wanted a geohazards stipulation attached to the leases. The DOI and New York agreed before the sale that leases would not be issued on any of the 157 disputed blocks, pending a ruling. Four of the blocks for which the State wanted a geohazards stipulation received bids. The case was pending.[9]

Sale No. 72, Central Gulf of Mexico: A total of 7,050 tracts (37,867,762 acres) was offered for lease on May 25, 1983, in New Orleans, Louisiana. Of these, 656 tracts (3,249,199 acres) were bid on and 623 tracts (3,089,872 acres) were leased for a total accepted bonus of $3,367,606,134. The sale was the largest ever in terms of acreage offered, acreage leased, and bonus accepted. Of the 623 leased tracts, 541 were leased under a cash bonus bidding system with a 16 2/3 percent royalty, 61 were leased under cash bonus bidding with a 12 1/2 percent royalty, and 21 were leased under cash bonus bidding with a fixed net profit share system.

The sale was not involved in litigation.

Sale No. 78, South Atlantic: A total of 3,582 tracts (20,392,985 acres) was offered for lease on July 26, 1983, in Vienna, Virginia. Of these, 11 tracts (62,625 acres) were bid on. All 11 were leased for a total accepted bonus of $13,362,040. The tracts were all leased under the cash bonus bidding system with a 12 1/2 percent royalty.

The sale was not involved in litigation.

Sale No. 74, Western Gulf of Mexico: A total of 5,848 tracts (32,620,248 acres) was offered for lease on August 24, 1983, in New Orleans, Louisiana. Of these, 436 tracts (2,410,809 acres) were bid on and 406 tracts (2,246,005 acres) were leased for a total accepted bonus of $1,501,712,517. Of the 436 leased tracts, 361 were leased under a cash bonus bidding system with a 16 2/3 percent royalty, 42 were leased under cash bonus bidding with a 12 1/2 percent royalty, and 3 were leased under cash bonus bidding with a fixed net profit share system.

The sale was not involved in litigation.

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B. Preparation for Future Sales

During FY 1983, the DOI completed other important stages of the OCS leasing process in meeting objectives for additional sales indicated on the 5-Year OCS Oil and Gas Leasing Schedule. Planning areas considered for leasing in the 5-year schedule are shown in Figures 1 and 2.

Sale No. 52, North Atlantic: Public hearings on the draft EIS were held in November 1981. A final EIS was published in April 1982. The sale was scheduled for October 1982 under the leasing program. It was postponed until March 1983 to allow the Department time to prepare prelease consistency determinations. Litigation filed by the Conservation Law Foundation of New England and the Commonwealth of Massachusetts again delayed the sale, and at the end of FY 1983 there were doubts that it would be held.[3]

Sale No. 73, Central California: The draft EIS was published on March 4, 1983. Public hearings were held in April 1983. The final EIS was published on June 24, 1983. The sale was the target of a suit by the State of California, the Natural Resources Defense Council, Inc., and others involving the Endangered Species Act, NEPA and CZMA statutes. Sale No. 73 had been scheduled for September 1983 but was rescheduled for November 1983.[10]

Sale No. 79, Eastern Gulf of Mexico: A final regional EIS covering Sale No. 79, along with Sales Nos. 72 and 74 which were held during FY 1983, was published on January 3, 1983. Sale No. 79 was scheduled for November 1983.[11]

Sale No. 80, Southern California: The draft EIS was published on June 17, 1983, and public hearings were held in July 1983. The sale was scheduled for January 1984.[4]

Sale No. 82, North Atlantic: The draft EIS was published on June 7, 1983, and public hearings were held in July 1983. The sale was scheduled for February 1984.[4]

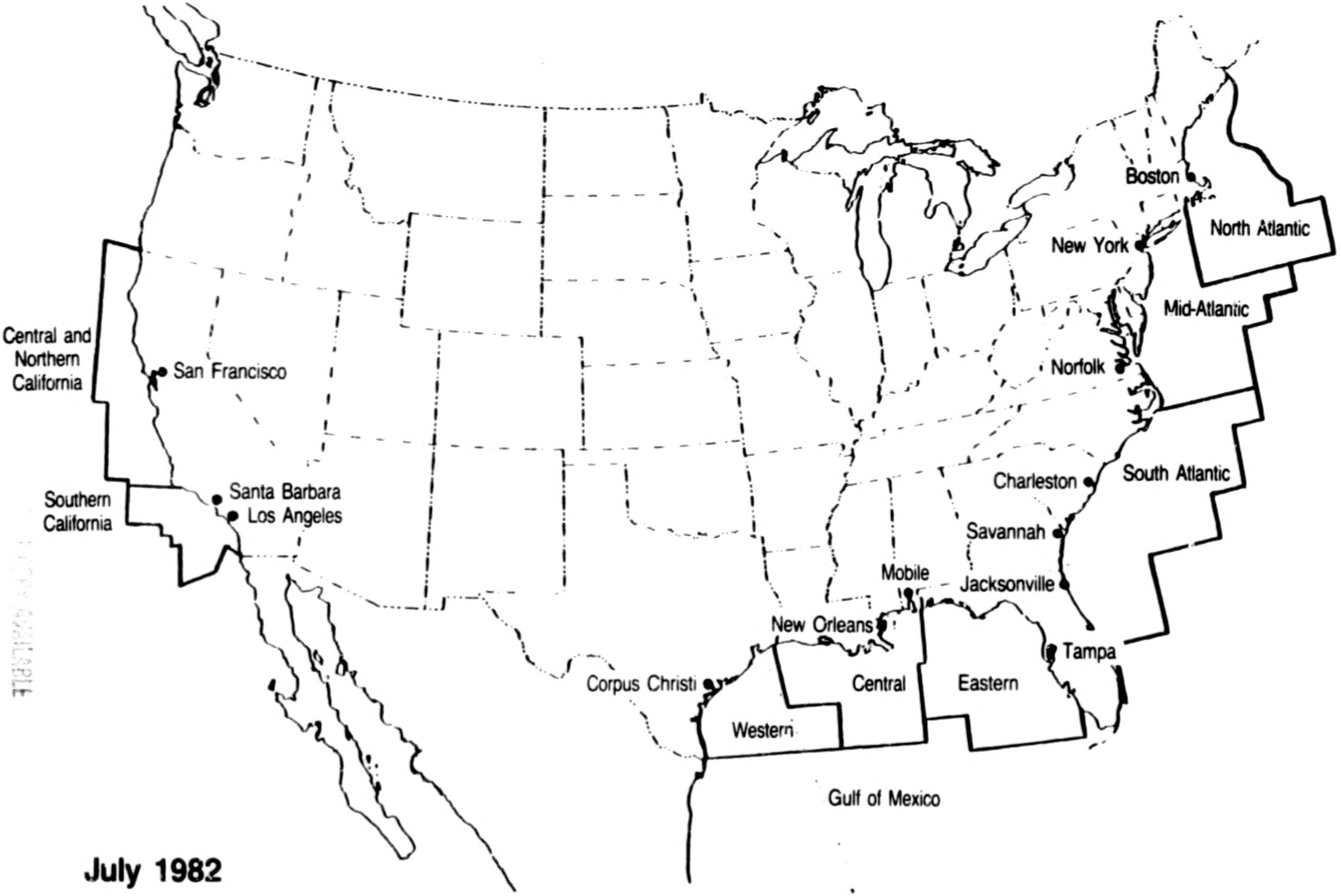
Sale No. 83, Navarin Basin: On November 17, 1982, the area identification was approved. A draft EIS was published on June 24, 1983, and public hearings were held in five Alaska communities in August 1983. The sale was scheduled for March 1984.[12]

Sale No. 81, Central Gulf of Mexico: The joint draft EIS for Sale No. 81 and Sale No. 84 was published on July 1, 1983. Public hearings were held in August 1983. Sale No. 81 was scheduled for April 1984.[13]

Sale No. 87, Diapir Field: The area identification was approved on March 16, 1983. The draft EIS was published on September 23, 1983, and public hearings were scheduled for October 1983. The sale was scheduled for June 1984.[14]

Sale No. 84, Western Gulf of Mexico: (See Sale No. 81). Sale No. 84 was scheduled for July 1984.

Sale No. 88, Gulf of Alaska/Cook Inlet: The call for information was published on March 16, 1983, and the area identification was approved on June 17, 1983. The sale was scheduled for October 1984.[15]



July 1982

Figure 1. FEDERAL OFFSHORE OIL AND GAS PLANNING AREAS

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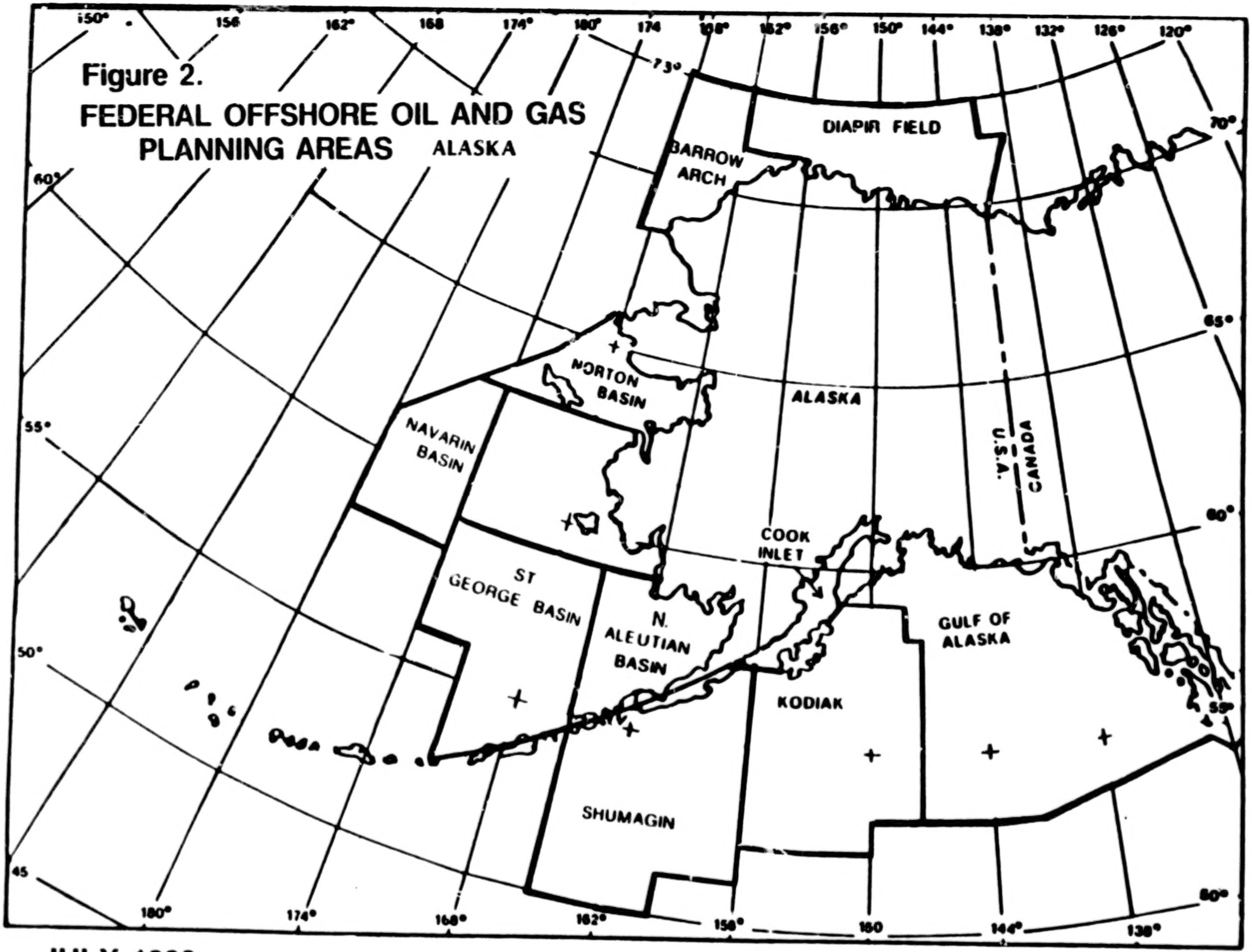

Figure 2.

FEDERAL OFFSHORE OIL AND GAS PLANNING AREAS

JULY 1982

Sale No. 89, St. George Basin: The call for information was published on April 29, 1983, and the area identification was approved on July 23, 1983. The sale was scheduled for December 1984.[16]

Sale No. 85, Barrow Arch: The call for information was published on June 27, 1983. The area identification was approved on September 21, 1983. The sale was scheduled for February 1985.[17]

Sale No. 92, North Aleutian Basin: The call for information was published on April 29, 1983. The area identification was approved on July 21, 1983. The sale was scheduled for April 1985.[16]

Sand and Gravel Sale, Alaska: Hearings were held in two Alaska communities on December 16, 1982. The final EIS was filed with the Environmental Protection Agency on April 8, 1983. This sale was scheduled for February 1984. A second sand and gravel sale in Alaska was scheduled for August 1984. Analyses of regional geology and hydrocarbon potential were being conducted for use in determining fair market value for present and future sales. The Alaska Regional Office and the Headquarters Office were to prepare the lease terms and conditions for the sales.[18]

To support the 5-Year OCS Oil and Gas Leasing Schedule, the MMS must complete a number of major steps in the leasing process. The following summarizes those steps completed in FY 1983 in preparation for future sales:

Activity	FY 1983 Completed
Call for Information	11
Area Identification	11
Draft Environmental Impact Statement	8
Public Hearings	6
Final Environmental Impact Statement	5
Proposed Notice of Sale	8
Secretarial Issue Document	9
Final Notice of Sale	9
Sale Conducted	9

In addition, 30 prelease consistency determinations were prepared on 10 sales (not all were FY 1983 sales), and 5 Memoranda of Understanding (MOU) were signed on 4 sales. Besides these, a Memorandum of Agreement (MOA) was drawn up between the DOI and the Department of Defense (DOD). Signed on July 20, 1983, the MOA established procedures for reconciling possible conflicts between offshore oil and gas operations conducted through the DOI and DOD requirements for safeguarding the national security. Upon issuing a Call for Information, the DOI alerts the DOD to begin participating in a sale cycle, thus opening the way to resolve conflicts whenever possible prior to the Notice of Sale. In cases where defense needs require fixed installations, militarily sensitive operations, or where they might endanger minerals exploration, the Interior Department would defer leasing on those tracts where the conflicts would occur.

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C. Activity on Leases

The MMS engaged in extensive activity involving leases during FY 1983. The agency processed 554 assignments of interest in OCS leases; processed 202 lease relinquishments, terminations, and expirations; approved 248 pipeline lease-term applications covering 251 miles; approved 59 pipeline right-of-way applications covering 589 miles; approved 136 platform applications, and approved 484 exploration plans and 224 production plans. A total of 971 wells was drilled on the OCS during the year (Table 2).

D. Exploration Activity

The number of geological and geophysical (G&G) permits issued, the number of Continental Offshore Stratigraphic Test (COST) wells drilled, the number of exploration plans submitted and approved, and the number of exploratory wells drilled provide an indication of the level of exploration activity in Federal waters during FY 1983. Prelease exploration activities include G&G permits and COST well activity while exploration plans and exploratory wells are considered postlease exploration activities.

Geological activities refer to operations which use G&G techniques, including core and test drilling, well logging techniques, and various bottomsampling methods to produce data on the potential for mineral resources. Geophysical activities refer to any operations which use geophysical techniques, including gravity, magnetic, and seismic methods to produce data which may identify areas having hydrocarbon potential.

Drilling work on two COST wells took place offshore Alaska during FY 1983. One well, on the North Aleutian Shelf, was completed in January 1983; the other, in the Navarin Basin, was spudded in May 1983. Before an area is offered for lease, the COST wells are drilled to obtain G&G information to assess the hydrocarbon potential of the area. The cost of drilling such wells is extremely high, running into the millions of dollars. Therefore, such activities are usually entered into on a cost-sharing basis by a consortium of companies.

Exploration activities for FY 1983 are shown in Table 3. As can be seen, the GOM Region continues to be the dominant area in prelease and postlease activities.

Overall, the number of G&G permits issued in FY 1983 increased from FY 1982 by 67 to a total of 563. The number of G&G permits issued in the Atlantic and Pacific Regions dropped by 4 and 3 from the FY 1982 totals of 14 and 59, respectively. However, as an indication of the optimism industry holds for the Alaska Region, the number of permits issued increased by 15 to a total of 99 for this frontier area. The majority of the Alaska G&G permits issued were for activities in the Beaufort Sea, Chukchi Sea, and the Navarin Basin areas. The GOM Region reported a total of 398 G&G permits issued, up 59 from the previous fiscal year.

Table 2. ACTIVITY ON OUTER CONTINENTAL SHELF LEASES, FISCAL YEAR 1983

	Alaska	Atlantic	Gulf of Mexico	Pacific	Total
Processing of Leases					
Assignments of Interest	26	95	321	112	554
Relinquishments	0	19	17	5	41
Terminations	0	0	25	0	25
Expirations	37	13	86	0	136
Pipelines					
Applications Approved (Lease-Term)	0	0	247	1	248
Applications Approved (Right-of-Way)	0	0	58	1	59
Mileage Approved (Lease-Term)	0	0	251	0	251
Mileage Approved (Right-of-Way)	0	0	578	11	589
Platforms					
Applications Approved	0	0	136	0	136
Under Supervision at End of Fiscal Year	*2	0	2,999	15	3,014
Well Drilling					
Exploratory Wells Drilled	2	1	348	32	383
Development Wells Drilled	0	0	546	42	588
Total Wells Drilled	2	1	894	74	971
**Well Producibility					
Determined as Producing	***1	0	280	28	308
Determined as Nonproducing	1	1	284	16	302
Determined as Dry Holes	0	0	423	34	457

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*Artificial Islands.
**This category includes wells drilled prior to FY 1983.
***Determined Producible.

Postlease exploration activities registered an overall decrease in FY 1983. The number of exploration plans submitted fell from 576 in FY 1982 to 534 in FY 1983 and the number of exploratory wells drilled fell from 434 to 383.

Although there was no significant change in the number of Exploration Plans approved in the Pacific Region during FY 1983 as compared to the number approved in FY 1982, 19 and 18 respectively, the Pacific Region experienced an increase in the number of exploratory wells drilled. A total of 32 exploratory wells were drilled during the year compared to 19 in the prior year. Over half of these wells were drilled in the Santa Maria Basin as drilling continued to define the limits of oil reservoirs discovered in this area in FY 1982. The remaining exploratory wells were spread between the Santa Barbara and San Pedro leases. At the end of FY 1983, six mobile drilling vessels were working in Federal waters offshore California.

Table 3. FEDERAL OFFSHORE EXPLORATION ACTIVITIES, FISCAL YEAR 1983

	Alaska	Atlantic	Gulf of Mexico	Pacific	Total
Geological and Geophysical Permits Issued	99	10	398	56	563
Continental Offshore Stratigraphic Test (COST) Wells Drilled	*2	0	0	0	*2
Exploration Plans:					
Submitted	4	4	508	18	534
**Approved	4	4	457	19	484
Disapproved	0	1	0	0	1
Pending	0	0	10	3	13
Exploratory Wells Drilled	2	1	348	32	383

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*One COST well completed and one spudded during FY 1983.

**Some exploration plans approved in FY 1983 were submitted in FY 1982.

In Federal waters offshore Alaska, 2 exploratory wells were drilled during FY 1983, bringing the total number of wells drilled to 25. One well was drilled in the Gulf of Alaska and the other in the Beaufort Sea. During FY 1983, a well that had been drilled during FY 1982 was declared capable of producing oil in paying quantities. This well was located on Lease No. Y-0195 and was drilled directionally from Shell Oil Company's Tern Island Gravel Island located on Lease No. Y-0196. Additional drilling must take place to determine if sufficient reserves will be available to justify development.

During FY 1983, construction of Mukluk Gravel Island was completed by Sohio Alaska Petroleum Company in the Harrison Bay area of the Beaufort Sea (Diapir Field, Sale No. 71). This island, the largest gravel island in the Beaufort Sea, rests in 48 feet of water and rises 21 feet above sea level. It measures 350 feet across its top and required about one million cubic yards of gravel. This is the first gravel island to be installed in water undisputedly owned by the Federal Government. This brings to three the number of gravel islands in Federal and/or federally managed waters off Alaska. The Mukluk Gravel Island is located on a very large geologic structure which is believed to be geologically similar to that underlying Prudhoe Bay.[19]

In the Atlantic Region, one exploratory well was started. This well is significant in that it established a new world record for deepwater drilling. The drill site, which is about 100 miles southeast of Cape May, New Jersey, was located in 6,448 feet of water. The depth of the well was 14,500 feet below sea level.[20] Drilling was being carried out on a geological structure known as the Jurassic Shelf Margin Complex. A trend of reef structure exists all along this area in the deeper waters of the continental slope. It is believed that this structure offers the potential for large discoveries. A total of 43 exploratory wells have been drilled in the Federal waters of the Atlantic Ocean. Despite these efforts, no commercial quantities of hydrocarbons have been found. However, at least two more deepwater wells are planned to test the reef structure mentioned above. In addition, a well is planned for the spring of 1985 in approximately 2,130 feet of water. This proposed well site is approximately 40 miles offshore North Carolina. The well is projected to be drilled to 20,000 feet and will be the first well drilled in the Atlantic where the effects of the Gulf Stream will affect the design criteria of the well drilling equipment.

Exploratory wells drilled in the GOM during FY 1983 totaled 348 compared to 406 drilled during FY 1982. However, at the end of FY 1983 at least 25 to 30 exploratory wells were already being drilled on acreage leased during the May 1983 lease sale. Significant discoveries in this area could encourage additional exploratory drilling in FY 1984.

E. Development Activity

The GOM and offshore southern California continue to be the only Federal offshore areas involved in oil and gas development activities. Selected development statistics are presented in Table 4. Development activities in Federal waters declined 24 percent in FY 1983 as measured by the number of development wells drilled.

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The pace of development in the Pacific Region slowed during FY 1983. Forty-two development wells were drilled, which is 17 less than during FY 1982. This reduction could have occurred because some wells that were drilled did not produce in the volumes anticipated. That fact, coupled with the leveling off of crude oil prices, may have put a damper on additional development drilling.

During FY 1983, a pipeline designed to take natural gas from platform Hondo was installed. Installation of this pipeline off California overcame major technological and environmental hurdles in setting some record depths for pipeline construction. The 7-mile subsea line is designed to deliver sour natural gas from Exxon Co. USA's Hondo Platform A to an onshore gas processing plant in Las Flores Canyon 20 miles west of Santa Barbara. The platform is located in 850 feet of water. The 12-inch pipeline is the deepest installed from a platform to shore off the U.S. west coast and is one of the deepest in the world. It was necessary to bury the line from the shoreline to the 200-foot water depth.

In the GOM, 164 fewer development wells were drilled than in FY 1982. A factor for this decline, particularly applicable to the GOM, is the lack of discoveries of fields large enough to warrant large-scale development drilling.

A significant development activity took place in the GOM during FY 1983 as the world's first commercial scale guyed-tower platform was installed. The unique feature of this platform is that it is supported by 20 guy lines that will stabilize the structure and at the same time permit it to move slightly with wind and wave forces. The tower is located in 1,000 feet of water in Mississippi Canyon Block 280, approximately 30 miles from shore. Platforms with this design will permit production in water depths of approximately 2,000 feet.

During FY 1983, 134 platforms were installed in the Gulf of Mexico OCS. The majority of the platforms (approximately 94 percent) were installed offshore Louisiana in less than 100 feet of water and were designed to accommodate one or two wells.

Table 4. OUTER CONTINENTAL SHELF DEVELOPMENT ACTIVITIES, FISCAL YEAR 1983

Item	Alaska	Atlantic	Gulf of Mexico	Pacific	Total
Development/ Production Plans:					
Submitted	0	0	226	2	228
Approved	0	0	224	0	224
Disapproved	0	0	0	0	0
Pending	0	0	20	3	23
Development Wells Drilled	0	0	546	42	588
Production Platforms Added	0	0	134	1	135
Production Platforms Removed	0	0	21	0	21
Total Platforms	0	0	2,999	15	3,014
Maximum Platform Water Depth (Feet)	N/A	N/A	1,023	850	--
Maximum Platform Distance from Shore (Miles)	N/A	N/A	138	11	--
Pipelines Added	0	0	254	1	255
Miles of Pipelines Added	0	0	809	9	818
Total Miles of Pipeline	0	0	12,276	97	12,373

F. Reserve Inventory

The Reserve Inventory Program was initiated in FY 1977 to establish and maintain accurate, up to date, and reliable estimates of Federal offshore oil and gas reserves in new and developed fields. This program was later mandated by the OCS Lands Act Amendments of 1978 (Public Law 95-372, Section 606(d)(2)).

Reserve inventories are generated in the MMS field offices from well data supplied by leasehold operators and are tabulated by individual field, reservoir, and lease holdings. The MMS has developed a computerized storage and retrieval system referred to as the Field and Reservoir Reserve Estimates (FRRE) to accomplish the detailed information analyses required in this program. This system assists in satisfying the need for updated estimates of reserves to be published by MMS. Information from field and reservoir analysis and mapping directly supports MMS in its role of supervising field and reservoir development, including such functions as production rate control, approval of drilling permits, unitization considerations, and geological and engineering data for lease offering evaluation.

The basic program is maintained to determine the reserves of new field discoveries and to update reserves in those fields previously inventoried as additional geologic, engineering, and production data are obtained. Such data will be collected and reserves will be estimated in the new fields as they become more developed. During FY 1983, 21 fields were evaluated. As of September 30, 1983, a total of 412 fields had been evaluated in the GOM and Pacific Regions. It is estimated that 33 fields will be evaluated in FY 1984. As of January 1, 1983, the total estimated recoverable reserves in Federal waters amounted to 3.947 billion barrels of oil and 41.641 trillion cubic feet of gas.

Updated risked mean resource estimates for oil and gas in OCS planning areas are shown in Table 5. These estimates are of undiscovered, economically recoverable resources which are obtainable under existing technology and with existing relationships between development costs and market prices.

Table 5. RISKED MEAN ESTIMATES OF UNDISCOVERED, ECONOMICALLY RECOVERABLE RESOURCES FOR OUTER CONTINENTAL SHELF PLANNING AREAS

	Oil (Bill. Bbls)	*Gas (TCF)	MP + hc
Central Gulf of Mexico	3.7	40.0	1.00
Western Gulf of Mexico	1.5	28.0	1.00
Mid-Atlantic	3.0	14.2	1.00
**Diapir Field (0-200-ft WD)	3.9	19.7	1.00
Southern California	1.9	3.4	1.00
North Atlantic	1.4	5.7	0.93
Central and Northern California	1.6	2.0	1.00
South Atlantic	1.0	3.7	0.84
**Barrow Arch (0-200-ft WD)	1.3	5.0	0.62
Eastern Gulf of Mexico	1.0	1.4	0.87
Navarin Basin	0.8	5.5	0.76
St. George Basin	0.4	2.5	0.64
Kodiak	0.4	2.0	0.61
Gulf of Alaska	0.4	2.0	0.66
Norton Basin	0.2	1.3	0.57
North Aleutian Basin	0.2	0.9	0.42
Shumagin	0.1	0.6	0.43
Cook Inlet	0.1	0.7	1.00

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* Based on current cost/price relationships and foreseeable technological advances, it is assumed that the USGS conditional mean gas resources estimated to exist in Alaskan OCS areas are noneconomic. There is, however, a probability of finding larger quantities of gas that may be commercial.

** In the Beaufort Sea, a 200-ft water depth is considered to be the limit of technology.

+ Marginal probability of commercial hydrocarbons existing in the areas.

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G. Production Activity

Federal offshore oil and gas production continues to be limited geographically to the GOM and southern California. In FY 1983, Federal offshore oil and gas production in these areas represented 10.8 percent and 24.4 percent of total U.S. production, respectively (Table 6).

Overall, Federal offshore production of crude oil and condensate increased by 11.7 percent from that reported in FY 1982, while production of natural gas, including gas well gas and casinghead gas, declined by 15 percent.

Oil and condensate production in the GOM Region increased by 11.8 percent. Much of this increase can be attributed to wells producing beyond expectations. For example, production from the Cognac platform reached approximately 70,000 barrels per day. Output from just this one platform represented more than 8 percent of the average daily production from the GOM Region. Earlier projections had pegged peak production from Cognac at about 50,000 barrels of oil per day.

The Pacific Region reported a 10.5 percent increase in crude oil production, which reflects a full year of production from those wells drilled and completed near the end of FY 1982.

The reduced demand for natural gas continued to have a significant impact on the GOM Region as production fell 15 percent from FY 1982 volumes. However, natural gas production from the Pacific Region increased by 22.9 percent. The reason gas production from the Pacific Region did not decrease is probably because of different market patterns. For example, all gas produced offshore California is consumed within the State, and as population increases, demand for natural gas also increases. Also, to meet stringent air quality regulations, industry may convert to natural gas, thus creating even more demand for this commodity.

As of September 30, 1983, there were 6,445 producing wells in the Federal submerged lands of the GOM: 3,481 oil wells and 2,964 gas wells. In the Pacific Region, there were 307 producing oil wells and 4 producing gas wells.

Table 6. FEDERAL OFFSHORE PRODUCTION, FISCAL YEAR 1983

	Alaska	Atlantic	Gulf of Mexico	Pacific	Total
Crude Oil (Thousands of barrels)	0	0	275,780	30,429	306,209
Condensate (Thousands of barrels)	0	0	36,190	0	36,190
Gas Well Gas (Million cubic feet)	0	0	3,647,453	35	3,647,488
Oil Well Gas (Million cubic feet)	0	0	418,106	21,227	439,333
Producing Oil Wells	0	0	3,481	307	3,788
Producing Gas Wells	0	0	2,964	4	2,968

H. Shut-In Wells on Federal Waters

The methods and procedures for gathering data and reporting on shut-in wells in Federal waters have not changed from those described in previous annual reports. The following narrative describing a well and details of the shut-in well report is provided to more fully explain the shut-in well situation.

1. Well Description

While drilling a well, the borehole is normally tested at intervals so as to locate and evaluate any potentially productive reservoirs. A series of concentric large diameter pipes (casings) are cemented at various depths as the hole is drilled to protect it from underground water, loose earth, and formation pressures. A final casing (production casing) is extended from the bottom of the borehole to the surface. The well is then perforated; that is, holes are shot through the casing and the cement behind the casing at a point opposite the reservoir to be produced. Next, a string of smaller diameter pipe (tubing string) is installed from the surface through the production casing to the producing reservoir. The reservoir is isolated within the well by setting a "packer" as a seal between the casing wall and the end of the tubing string. The term "well completion" refers to the installation of tubing string, plus the mechanical configuration (perforations, packers, etc.) necessary to separately produce a particular reservoir from the well. If two or more producible reservoirs are encountered, the well may be a multiple completion allowing reservoirs to be produced simultaneously through separate tubing strings. Practical considerations usually permit no more than two tubing strings, and production from additional reservoirs must be deferred until the initial reservoirs are depleted. The status of such a multiple completion depends on the status of the well completions within the well bore. The term "well bore" is used to emphasize that more than one well completion may exist within the cased hole of a well.

2. Report Description and Analysis

For purposes of this report, a shut-in well is defined as a completion with zero production for a reporting month and which is capable of either producing or being restored to a producing status. Throughout this report, "shut-in" is referred to in terms of completions instead of well bores. This is because the well bore, which is merely the hole in the ground, may contain more than one completion, and the situation may occur where the well bore can have one producing completion and one shut-in completion. Therefore, completions are the only practical way to report shut-in statistics.

Nearly every completion that is shut in is in that status for reasons beyond the control of the lease operator. The only exceptions are those few well completions that were deliberately shut in with the approval of the MMS or directed to be shut in by the MMS in the interest of conservation. The operator reviews all available well data to determine why a completion stopped producing. If there is a reasonable chance that it can be made to produce again, a decision must be made as to what kind of workover operation would offer the best chance of restoring production.

To test the validity of the shut-in status of a completion, the MMS, during routine platform inspections, visually determines that the well completion is not producing, reviews the records available in the field, and decides why the completion is shut in. To date, no irregularities have been noted.

Given the uncertain availability and location of the proper type of workover equipment, the date an operator will perform remedial work on a shut-in completion is by no means a firm one. Therefore, if planned restoration activity dates are changed, it usually means that another well at another location is being worked over instead of the one initially planned for that time. The MMS, however, identifies overdue restoration dates, and the operators are notified and queried about the status of such wells.

*Five reports have been prepared which include four computer listings identified as follows:

- Appendix 1 (Section 1) -- Well bore and completion summary.
- Appendix 2 (Section 2) -- Well bore and completion summary by platform.
- Appendix 3 (Section 3) -- Completion summary of reasons and expected actions.
- Appendix 4 (Section 4) -- Well completion details.
- Appendix 5 -- Shut-in well status summary for September 1983 (one page).

Appendix 1 summarizes the total number of well bores and well completions in each category. Further explanation for each classification is shown in Appendix 1 as follows:

- Well Bores

  All Completions Producing or Servicing -- All completions within the well bore are either producing or servicing.

  Drilling -- The well bore is currently being drilled and evaluated (A--active) or is awaiting completion operations or abandonment (I--inactive).

  No Future Utility -- All completions within the well bore are nonproducing and have no potential for any production or service.

  Not Fully Utilized -- A well bore in which one or more completions are shut in or nonproducing.

- Completions

  Producing -- The tubing string is producing hydrocarbons.

  Nonproducing with Restoration Potential -- The tubing string will not produce but has potential to produce from the reservoir in which it is currently completed after a minor or major workover. Wireline work, coiltubing work, and acidizing are examples of a minor workover. A major workover requires a workover rig.

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* See Table of Contents.

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Shut in - The tubing string will produce but is not producing because the master valve is closed. It includes those completions that are shut in for reasons other than downhole problems, e.g., awaiting pipeline tie in.

Nonproducing with Recompletion Potential - The tubing string will not produce and does not have potential to produce from the reservoir in which it is currently completed, but it does have potential to produce from another reservoir through a recompletion. A recompletion usually requires the plugging of the abandoned zone (reservoir) and a workover rig to complete the tubing string in the new zone.

Nonproducing with No Future Utility - The tubing string will not produce and has no other potential for production or service.

Service - The tubing string is used for something other than producing hydrocarbons. Gas injection, water injection, and water source completions are examples of service completions.

Appendix 2 is a listing of all well bores by field, platform, and operator. It gives the status of all completions (columns 1 through 6) and the reasons for shut in and actions required to attempt to restore those completions to production. Also shown are those zones that can be recompleted and those completions that have no future utility. There are 306 zones identified as having recompletion potential, i.e., zones that can be completed elsewhere in the same borehole. Those completions listed in the first four columns are classified as "shut-in" (see previous definition of shut-in completion). Appendix 3 lists six problem categories as follows:

1. Reservoir-Related Problems
2. Well Bore-Related Problems
3. Surface Equipment-Related Problems
4. Pipeline-, Flowline-, or Header-Related Problems
5. Platform-Related Problems
6. Regulatory-Related Problems

Specific reasons within each problem category in Appendix 3 are explained as follows:

RESERVOIR

1. Gas Cap Completion
2. Depleted
3. High Gas-Oil Ratio
4. High Water-Oil Ratio
5. Reservoir or Well Study
6. Testing
7. Waiting on Reservoir Response
8. Low Reservoir Pressure

WELL BORE

1. Hole in Tubing or Casing
2. Sanded Up
3. Communication with Another Zone
4. Loaded Up with Water
5. Collapsed Tubing or Liner
6. Subsurface Safety Valve Problems
7. Junked Equipment in Hole
8. Paraffin Problems
9. Tubing Hanger Leak
10. Other

SURFACE EQUIPMENT

1. Compressor Problems
2. Production Equipment
3. Surface Safety Valve Problems
4. Safety Equipment Problems

(Separator, Heater Treater, Dehydrator, etc.)

PIPELINES, FLOWINGS, AND HEADERS

1. Pipeline or Flowline Leaks
2. No Pipeline - No Market
3. Pipeline, Flowline, Header Tie-ins
4. Pipeline or Flowline Maintenance
5. Pipeline Curtailment
6. Check Valve Problems

PLATFORMS

1. Drilling, Major Workover, or Wireline Operations on Platforms
2. Damage to Platform
3. Platform-Related Construction

REGULATORY

1. Eliminate Flaring of Oil-Well Gas
2. MMS Inspection Enforcement Action
3. Other

Appendix 4 is a listing by platform and field of the status, as of September 30, 1983, of every completion and provides the reasons for those that are shut in; the action required to attempt to restore the well to production; the month of last production; the daily rate of production prior to shut-in (in barrels of oil per day or in 1,000 cubic feet of gas per day); and the estimated date that activity will commence to restore or, if applicable, recomplete. A more detailed explanation of selected column headings in Appendix 4 is as follows:

PROBLEM CATEGORY (See Appendix 3).

PRIMARY SHUT-IN REASON (See Appendix 3).

ACTION REQUIRED - This column describes the action required to attempt to bring the well to a producing status or to abandon it.

1. Minor Workover
2. Major Workover
3. Open Master Valve
4. Surface Maintenance, Repairs, Construction
5. No Action (meaning to be abandoned)
6. Recomplete (meaning a new completion in a zone elsewhere in the borehole)

NEW OPERATIONS - This column is the estimated date those operations under the "Action Required" column will begin.

Appendix 5 is a one-page summary that classifies the GOM shut-in well by problem category.

3. Fiscal Year 1983 Data

Shut-in well completions, as of September 30, 1983, totaled 2,952 in the GOM and 51 in the Pacific Regions, respectively. This compares to 2,631 and 30, respectively, reported in the FY 1982 annual report. The status of wells changes constantly. In the GOM Region for FY 1983, an average of 223 shut-in wells were restored to production each month, and an average of 250 producing wells were shut in each month.

The number of GOM Region shut-in completions increased by 321 over those reported for FY 1982. This difference is due mostly to increased problems associated with the well bore and the pipelines. In the well bore category, this change was mainly due to increased sand and water problems. Sand blocks the perforations and tubing strings, thus stopping flow into the production tubing. In the pipeline category, a significant increase in shut-in completions was attributable to pipeline company reductions of purchases of natural gas. Although the number of shut-in completions has been steadily increasing, the relationship of shut-in completions to total completions, i.e., both producing and shut-in, has remained stable. For example, at the end of FY 1977, shut-in completions accounted for 29 percent of the total completions. At the end of FY 1983, shut-in completions amounted to about 30 percent of total completions.

There are five principal reasons why oil and gas wells may be shut in (Table 7). Sand and water problems continue to be the leading reasons for shut-in oil wells. In FY 1983, pipeline curtailments accounted for about 20 percent of the gas wells that were shut in. Corrective actions are required to restore shut-in wells to productive status. However, when downhole activities are needed, there is no certainty of success.

Thirty-four percent (approximately 521) of the shut-in gas wells can be made to produce by simply opening a surface valve. However, the majority of these wells are shut in as a result of pipeline curtailment.

Only about 14 percent of the shut-in oil wells can be restored to production by merely opening a surface valve. About 67 percent of the shut-in oil wells in this category are shut in because of 1) high gas-oil ratios, 2) low reservoir pressure, or 3) pending results of well study. Oil wells having a high gas-oil ratio are shut in to conserve reservoir energy so that other wells perforated lower in the same reservoir may drain the reservoir of its oil more efficiently.

Shut-in wells can be categorized into four broad problems: (1) operational problems such as equipment failure, reservoir pressure decline, reservoir performance tests, etc., (2) conservation-related problems involving efficient utilization of energy resources, (3) safety-related situations that protect personnel and the environment, and (4) regulatory-related problems that fulfill inspection enforcement actions.

Eighty-eight percent of the shut-in oil wells and 92 percent of the shut-in gas wells can attribute their status to uncontrollable operational problems (Table 9.) The only remaining problems that can be considered controllable are those related to safety and conservation.

Table 7. PRINCIPAL REASONS FOR WELL SHUT INS (AS OF SEPTEMBER 30, 1983)

OIL WELLS

Reason for Shut In	Percentage of Shut Ins
1. Sanded Up	23
2. Watered Up	13
3. High Gas-Oil Ratio	8
4. Low Reservoir Pressure	8
5. High Water-Oil Ratio	8
Total	*60

GAS WELLS

Reason for Shut In	Percentage of Shut Ins
1. Pipeline Curtailment	20
2. Watered Up	18
3. Sanded Up	15
4. Low Reservoir Pressure	9
5. Pipeline Construction	9
Total	*71

---

* The differences between the percentages shown and 100 percent are attributable to various other shut-in factors, including mechanical and construction problems, and reservoir studies. The percentages shown are intended to indicate only the principal reasons for shut-in wells.

Table 8. CORRECTIVE ACTIONS TO RESTORE PRODUCTION (AS OF SEPTEMBER 30, 1983)

	Percentage of Shut-Ins	
Corrective Action	Oil Wells	Gas Wells
Major Workover	45	27
Minor Workover	34	27
Construction	7	12
Open Valve	14	34
Total	100	100

Table 9. OUTER CONTINENTAL SHELF SHUT-IN WELLS BY BROAD CATEGORY FOR GULF OF MEXICO*

	Oil Wells		Gas Wells	
Category	Shut In	Percent	Shut In	Percent
Operational	1,249	87.83	1,407	91.96
Conservation	118	8.30	73	4.77
Safety	47	3.31	45	2.94
Regulatory	8	0.56	5	0.33
Total	1,422	100.00	1,530	100.00

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* Because of the small number of shut ins reported for the Pacific Region (51), this table only lists those reported for the GOM Region.

I. Gas Flaring

The two categories of flaring, short-term or small-volume flaring and approved extended flaring, are unchanged from FY 1982.

Short-term flaring or small-volume flaring includes gas vapors released from low-pressure production vessels--those diverted to a flare line because of an emergency, such as a compressor or other equipment failure or for the relief of abnormal system pressures, and those caused by well purging and evaluation tests. Emergency flaring is prohibited, without prior approval, for a continuous period in excess of 72 hours or for a cumulative period of 144 hours in any single month. Flaring during well purging and evaluation tests in excess of 24 hours is prohibited without prior approval.

The flaring of gas-well gas is forbidden except for short-term (24 hours or less) drillstem, cleanup, or other evaluation tests. The flaring of oil-well gas may be approved for periods of up to 1 year only after the operator has initiated positive action to eliminate the flaring or has submitted an evaluation showing that the project would not be economical if gas-gathering facilities were required.

Applications requesting long-term flaring must provide for specific action to eliminate flaring, or adequate geologic, engineering, and economic data to conclude that without flaring the oil production would result in a greater loss than if flaring were allowed.

Tables 10 and 11 present monthly gas flaring statistics for the GOM and Pacific Regions, respectively, during FY 1983.

Flared gas averaged 4.1 percent of all oil-well gas produced, and total gas flared averaged 0.5 percent of all gas produced.

Approximately 21 billion cubic feet of gas was flared in FY 1983.

Tables 12 and 13 present more detailed information for the GOM and Pacific Regions, respectively, relative to volumes of oil-well gas flared in FY 1983 under approved extended-term status.

Table 10. VOLUMES OF GAS FLARED DURING FISCAL YEAR 1983, GULF OF MEXICO REGION

Year and Month	Short-Term Oil-Well Gas Flared (MCF)	Extended-Term Oil-Well Gas Flared (MCF)	Short-Term Gas-Well Gas Flared (MCF)	Total Gas Flared (MCF)	Total GOM Oil Well Gas Produced (MCF)	Total GOM Gas Produced (MCF)	$\frac{\text{O-W Gas Flared}}{\text{Total GOM O-W Gas Produced}}$	$\frac{\text{Total Gas Flared}}{\text{Total GOM Gas Produced}}$
1982 Oct.	832,071	358,050	156,730	1,346,851	30,603,837	350,358,846	3.89 %	.384 %
Nov.	824,047	372,481	191,263	1,387,791	32,619,063	363,597,100	3.67 %	.382 %
Dec.	1,034,990	373,224	233,362	1,641,576	34,027,761	365,234,958	4.14 %	.449 %
1983 Jan.	1,081,340	382,319	320,287	1,783,946	33,387,954	377,108,702	4.38 %	.473 %
Feb.	1,036,529	365,024	301,731	1,703,284	32,120,106	334,079,075	4.36 %	.510 %
Mar.	1,290,979	398,506	266,228	1,955,713	34,217,883	351,469,864	4.94 %	.556 %
Apr.	1,182,353	331,522	405,735	1,919,610	34,493,998	314,848,676	4.39 %	.610 %
May	1,227,114	342,380	245,916	1,815,410	36,147,088	315,894,449	4.34 %	.575 %
June	1,084,864	348,206	195,198	1,628,268	35,229,525	307,446,107	4.07 %	.530 %
July	1,066,118	436,910	167,339	1,670,367	34,947,425	306,728,162	4.30 %	.545 %
Aug.	1,180,983	635,789	179,529	1,996,301	36,022,957	306,078,536	5.04 %	.652 %
Sep.	1,075,512	402,854	182,837	1,661,203	40,910,450	322,926,030	3.61 %	.514 %
	A	B	C	D=A+B+C	E	F (O-W & G-W)	$\frac{A+B}{E}$	$\frac{D}{F}$
Total	12,916,900	4,747,265	2,846,155	20,510,320	414,728,047	4,015,770,505	4.26 %	.511 %

Note: Volumes are "as reported" and are unadjusted.

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Table 11. VOLUMES OF GAS FLARED DURING FISCAL YEAR 1983, PACIFIC REGION

Year and Month	Short-Term Oil-Well Gas Flared (MCF)	Extended-Term Oil-Well Gas Flared (MCF)	Short-Term Gas-Well Gas Flared (MCF)	Total Gas Flared (MCF)	Total Pacific Oil Well Gas Produced (MCF)	Total Pacific Gas Produced (MCF)	O-W Gas Flared / Total O-W Gas Produced	Total Gas Flared / Total Gas Produced
1982								
Oct.	63	87,569	789	88,421	1,507,420	1,508,209	5.81 %	5.86 %
Nov.	42	59,371	5,505	64,928	1,482,421	1,487,926	4.01 %	4.36 %
Dec.	42	23,234	11,200	34,476	1,498,413	1,509,613	1.55 %	2.28 %
1983								
Jan.	49	20,002	0	20,051	1,641,745	1,641,745	1.22 %	1.22 %
Feb.	34	22,700	600	23,334	1,576,893	1,576,893	1.44 %	1.48 %
Mar.	29	42,322	3,600	46,021	1,594,511	1,598,111	2.65 %	2.88 %
Apr.	34	19,532	0	19,566	1,870,950	1,870,950	1.04 %	1.06 %
May	42	16,981	0	17,023	1,925,827	1,925,827	0.88 %	0.88 %
June	33	11,453	0	11,486	1,796,137	1,796,137	0.64 %	0.64 %
July	28	10,669	2,550	13,247	2,105,204	2,107,754	0.51 %	0.63 %
Aug.	49	10,733	9,490	20,272	2,225,680	2,235,170	0.48 %	0.91 %
Sep.	61	11,003	1,160	12,224	2,002,005	2,003,165	0.55 %	0.61 %
Total	506	335,569	34,894	371,049	21,227,206	21,261,500	1.58 %	1.74 %

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Table 12. SUMMARY OF EXTENDED-TERM GAS FLARING FOR FISCAL YEAR 1983, GULF OF MEXICO REGION

Operator	Area/ Block	OCS Lease No.	Well	Total Flare Volume (MCF)	Initial Approval Date	Date of First Flaring	Date of Expiration Of Latest Approval	Cessation of Flaring Ordered	Date of Cessation of Flaring	Reason for Approval Of Flaring
Arco	SS 91	G2919	*None	11,492	7/21/83	7/21/83	12/15/83	Yes	12/15/83	Flaring of flash gas from stock tanks and crude stabilizer vessels approved until vapor recovery unit could be modified.
Conoco	GI 41	0129	A-4D	19,568	9/7/82	9/7/82	11/15/82	Yes	11/15/82	Flaring of oil-well gas approved while resizing compressor to handle increased gas production.
			A-6D	6,897						
			B-4	5,310						
			B-5	23,929						
			B-6	7,753						
			B-11	11,378						
			B-11D	25,930						
Conoco	MP 296	G1673	C-5	2,202	12/9/82	12/9/82	2/15/83	Yes	1/10/83	Flaring of oil-well gas approved until drilling and completion activity provided enough additional gas to load co compressor.
			C-5D	8,830						
Exxon	SMI 6	G1177	A-6	14,996	10/18/79	10/18/79	10/1/83	Yes	9/16/83	Flaring of oil-well gas approved while compressor was being installed.
			A-8	13,439						
			A-14	15,661						
			A-21D	9,826						
			A-26	37,642						
			A-26D	33,154						

*Wells are not flaring directly as flare is resulting from 2nd stage flash gas.

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Table 12. SUMMARY OF EXTENDED-TERM GAS FLARING FOR FISCAL YEAR 1983, GULF OF MEXICO REGION (Continued)

Operator	Area/ Block	OCS Lease No.	Well	Total Flare Volume (MCF)	Initial Approval Date	Date of First Flaring	Date of Expiration Of Latest Approval	Cessation of Flaring Ordered	Date of Cessation of Flaring	Reason for Approval Of Flaring
Exxon	VR 330	G4261	A-2	43,569	3/7/83	3/7/83	11/1/83	Yes	10/21/83	Flaring of oil-well gas approved while gas pipeline was being completed.
			A-3	43,033						
			A-4	9,999						
			A-5	5,454						
			A-6	2,087						
Gulf	EC 330	G3540	B-1	50,968	7/5/83	7/5/83	11/15/83	Yes	10/30/83	Flaring approved while installing small compressor to handle small gas volumes.
			B-3	49,458						
			B-6	65,659						
			B-8	27,146						
			B-10	67,954						
Gulf	MP 313	G4127	A-1	41,219	9/1/82	9/1/82	7/1/83	Yes	3/12/83	Flaring of oil-well gas approved until enough gas was obtained through drilling activity to load the compressor.
			A-2	30,416						
			A-2D	41,571						
			A-3	14,726						
			A-3D	28,060						
			A-4	25,326						
Kerr-McGee	SS 32	0335	A-1	358	9/10/80	10/1/80	11/15/82	Yes	11/11/82	Flaring of gas was approved until new platform with compression facilities was completed.
Marathon	SP 89	G1618	A-9	1,137	7/25/83	8/1/83	3/31/84	No	--	Flaring of Well A-9 approved due to insufficient economic.

Table 12. SUMMARY OF EXTENDED-TERM GAS FLARING FOR FISCAL YEAR 1983, GULF OF MEXICO REGION (Continued)

Operator	Area/ Block	OCS Lease No.	Well	Total Flare Volume (MCF)	Initial Approval Date	Date of First Flaring	Date of Expiration Of Latest Approval	Cessation of Flaring Ordered	Date of Cessation of Flaring	Reason for Approval Of Flaring
Mobil	SS 182	G3998	1A 1B 3A 3B 4A	67,070 328 160,138 184,185 26,692	10/1/82	10/1/82	3/31/84	No	--	Flaring of oil-well gas approved while awaiting installation of gas injection equipment.
Odeco	MP 59	G3194	A-1C A-2B A-4B A-5B	35,917 39,584 7,595 8,797	2/8/83	2/8/83	2/1/84	No	--	Flaring of oil-well gas approved due to insufficient economics.
Odeco	PL 020	0074	#9	48,973	8/7/75	8/7/75	4/15/84	No	--	Flaring of sour H_2S gas approved due to insufficient economics.
Odeco	SS 224	G1023	D-2A	13,924	9/10/82	9/10/82	11/15/82	Yes	11/15/82	Flaring of oil-well gas approved during installation of compression equipment.
Shell	VR 164	0493	#1 #9	3,967 5,535	6/23/80	6/23/80	5/31/84	No	--	Flaring of gas from wells #1 and #9 approved due to insufficient economics.

Table 12. SUMMARY OF EXTENDED-TERM GAS FLARING FOR FISCAL YEAR 1983, GULF OF MEXICO REGION (Continued)

Operator	Area/ Block	OCS Lease No.	Well	Total Flare Volume (MCF)	Initial Approval Date	Date of First Flaring	Date of Expiration Of Latest Approval	Cessation of Flaring Ordered	Date of Cessation of Flaring	Reason for Approval Of Flaring
Tenneco	SS 181	G4231	B-5	58,305	6/8/83	6/8/83	8/26/83	Yes	8/26/83	Flaring of oil-well gas approved while installing compressor.
			B-6	11,628						
			B-7	9,605						
			B-9	26,891						
			B-10	20,538						
			B-11	38,456						
Union	SP 48	G2176	A-2	884,858	4/23/82	6/20/82	11/1/83	Yes	10/23/83	Flaring of oil-well gas approved while awaiting installation of gas sales pipeline.
			A-3	52,013						
			A-4	787,862						
			A-5	124,747						
			A-6	86,204						
			A-7	1,247,306						

Table 13. SUMMARY OF EXTENDED-TERM GAS FLARING FOR FISCAL YEAR 1983, PACIFIC REGION

Operator	Area/ Block	OCS Lease No.	Well	Initial Approval Date	Current Approval Expires	Volume (MCF)	Cessation of Flaring Ordered	Reason for Approval Of Flaring
Exxon	Santa Barbara Channel	P 0188	All	8/6/81	11/5/83	151,813	No	Pipeline has been installed. Improved operation of equipment on Platform Hondo and the OS&T has reduced the volume flared. The processing facility at Las Flores Canyon is still under construction.
Chevron	Santa Barbara Channel	P 0217	All	12/1/81	1/15/84	4,760	No	Flaring essentially eliminated except for system upsets and system purge and flare of pilot gas.
Shell	San Pedro	P 0300	All	12/1/82	12/1/83	178,996	No	Compressor malfunction and lack of injection capacity are major causes of flaring. Shell has installed a new gas injection compressor which is in the process of start-up.

III. MANAGEMENT, SUPERVISION, SAFETY, AND ENFORCEMENT ACTIVITY

A. Regulations

The efforts begun in FY 1981 to revise and consolidate regulations continued into FY 1983. Four sets of regulations became final during FY 1983; work started or continued on 14 more.

Summary of activities on regulations during the year:

- 30 CFR 250.3 and 30 CFR 251.14-1 were proposed on June 30, 1983, relating to extension of the proprietary term for data and information. These regulations remained under review.

- 30 CFR 250.34-3 was reviewed during the year after being published in proposed form on October 5, 1981. The regulation streamlined requirements for filing environmental reports. It was expected to be published in final form after the end of the fiscal year.[21]

- 30 CFR 250.80-2 was revised on September 30, 1983, to authorize the Secretary of the Interior to assess civil penalties against Federal offshore oil and gas lessees for violations of the OCS Lands Act only after the lessee has been given notice of the violation and has failed to correct it within any reasonable period allowed. This interim rule is consistent with the decision of the U.S. District Court for the Eastern District of Louisiana in Chevron USA Inc. v. Watt (Civil Action No. 82-2840, May 23, 1983).

- 30 CFR 251.6-2(a)(5) was proposed on June 30, 1983, and was expected to be published in final form after the close of FY 1983. It would reduce the information required to be filed in reporting on deep stratigraphic test wells.[22]

- 30 CFR 251.7-2 was published in the _Federal Register_ August 22, 1983, and became effective on September 21, 1983. It reduced from weekly to monthly the frequency for reporting on the status of activities conducted under permits for geological and geophysical exploration for mineral resources or scientific research offshore. The DOI determined that the submission of these reports on a monthly basis would be adequate to meet the purposes of the OCS Lands Act.

- 30 CFR 251.11 and 251.12 were expected to be published in final form in October 1983. They would delete requirements of immediate notice to the MMS on reprocessing of geophysical information.[23]

- 30 CFR 260.110 was amended on July 5, 1983, by removing the provisions relating to the use of variable net profit share and work commitment bidding systems in the award of Federal oil and gas leases offshore. The DOI determined that the purposes of the OCS Lands Act would not be served by the use of or availability of these two bidding systems.

Leasing regulations, which had been revised during FY 1982, were recodified during FY 1983. The recodified regulations, titled "OCS Minerals and Rights-of-Way Management, General, Redesignation of Regulations," were published as a final rule in the Federal Register on October 22, 1982. The rule is contained in 30 CFR Part 256 and 43 CFR Part 3300. No other changes were made in leasing regulations.

In addition to these changes, a Regulatory Reform Task Force was formed in FY 1983 to investigate further potential revision efforts. A major objective of the task force efforts will be to develop a unified set of rules that embody current offshore Operating Orders and regulations contained in 30 CFR Part 250. As appropriate, current requirements contained in Notices to Lessees and Operators, manuals, conditions of approval, and MMS standards and lease stipulations may be included in such unified sets of rules.

Other task force objectives include the following:

- Eliminate unnecessary and repetitive language.
- Maintain human, property, environmental, and resource conservation standards.
- Eliminate excessive, burdensome, and counterproductive regulatory requirements.
- Assure any changes are consistent with the law.
- Publish final rules by January 30, 1985.

B. Well-Control Schools

The well-control training program was instituted in FY 1979 and is designed to ensure that personnel involved in OCS drilling operations are able to react knowledgeably when precise well-control methods are necessary to prevent blowouts. The approval process includes reviewing training program documents submitted by industry and on-site visits by MMS personnel to verify that the actual program follows the submitted document. Once approved, unannounced visits are made to assure continued compliance with the MMS training standards.

In FY 1983, the MMS certified eight Basic and three Rotary Helper and Derrickman courses. This brings the total number of courses certified by the MMS to 59 Basic, 33 Refresher, and 63 Rotary Helper and Derrickman.

C. Inspection and Enforcement

During FY 1983, MMS began a process of documenting offshore inspection policies and procedures. The Offshore Inspection Program Manual Chapter, which provides the overall MMS policy on inspections, was signed on May 8, 1983. The documentation process is continuing and includes the development of a handbook to implement the policy statement of the manual chapter that requires regional and district documented instructions outlining specific procedures for conducting inspections. This documentation is being developed to make the program consistent and uniform nationwide.

Also, during FY 1983, as part of the effort to apply the program consistently nationwide, work was begun to establish a single national inspection checklist or Potential Incident of Noncompliance (PINC) list. This national PINC list will combine the four regional PINC lists now in use.

Revision of the current automated inspection system data base was begun in FY 1983. A contract was let to redesign the system to cover drilling, production, and pipeline inspection data. The end result will be a nationwide system that will simplify the input and output from districts and regions.

A summary of inspection and enforcement actions during FY 1983 is shown in Table 14.

D. Civil Penalties

During FY 1983, there were only three cases in which civil penalties were assessed. The reason for so few cases compared to previous years was that decisions in two court cases ruled against the civil penalty regulations (30 CFR 250.80). The courts ruled that the regulations did not allow for a reasonable time for correction of violation prior to assessing a penalty pursuant to the OCS Lands Act. The regulation has been revised to reflect the courts' decisions. The MMS is revising internal procedures for determining reasonable time for corrective action.

E. Equipment Certification

The equipment certification requirements became effective in January 1980 with the issuance of revised OCS Orders. The American Society of Mechanical Engineers' Safety and Pollution Prevention Equipment Committee has been active in the program. In 1981, a Subcommittee on Repair was formally established to develop the generic requirements for handling the repair of certified surface and subsurface safety valves. The MMS continued to work closely with both groups in bringing about any needed changes to existing standards or to develop new standards as they were required.

F. Assessment of Regulations

An assessment of the adequacy of current Federal regulations and industrial technology for ensuring the safety of offshore oil and gas operations was completed by a task force composed of representatives of the MMS and the U.S. Coast Guard. This report is being reviewed by various offices within the DOI and the Department of Transportation prior to submission to the President. Submission to the President was expected during the second quarter of FY 1984.

Table 14. FEDERAL OFFSHORE INSPECTION AND ENFORCEMENT, FISCAL YEAR 1983

Item	Alaska	Atlantic	Gulf of Mexico	Pacific	Total
Drilling Inspections . . .	642	29	3,055	1,400	5,126
*Production Inspections . .	0	0	4,018	835	4,853
Drilling **INC's Issued	12	0	806	9	827
Production **INC's Issued	0	0	4,476	218	4,694

*No production in Alaska or Atlantic Regions in FY 1983

**INC = Incident of Noncompliance

G. Platform Verification

The platform verification program was established in FY 1980 to provide additional assurance that fixed and/or bottom-founded platforms, directly associated with the production of oil and gas located on leased areas of Federal waters, have a high probability of surviving the environmental conditions to which they are exposed.

The major thrust of the program is intended for platforms located in frontier areas of the OCS, platforms subject to unusual or extreme conditions, and platforms incorporating unusual or innovative features.

The verification process encompasses the design, fabrication, and installation phases and utilizes the services of independent, third-party technical organizations known as Certified Verification Agents (CVA).

During FY 1983, plans for seven new platforms were reviewed by the platform verification program. This brought to 47 the total number of platforms reviewed since January 1, 1980. By the end of FY 1983, the Exxon guyed tower "Lena" has been successfully installed in 1,000 feet of water in the GOM, and Shell Oil Company had constructed and drilled from its "Tern A" gravel island in the Alaskan Beaufort Sea. These successes have helped to build confidence in relatively recent innovations in drilling and production platform technology and in the public perception of the MMS regulatory programs.

Further, platform verification program personnel held discussions with operators and designers regarding the use of other unique new concrete and steel structures for drilling in ice-covered Arctic U.S. waters and continued their participation in subcommittee activities to develop guidelines for tension-leg platforms. They also provided technical services to the Pacific and Alaska Regions to help determine the capability of specific mobile drilling units to withstand the pertinent environmental conditions while drilling in those Regions.

H. Safety Violations

During FY 1983, investigations of three alleged violations of safety regulations on OCS facilities were conducted by the Coast Guard. No violations were found as a result of these investigations and no administrative or judicial action was taken.

I. Diving Studies

No diving studies were conducted under section 21(e) of the OCS Lands Act during FY 1983. The Department of Commerce was identified as the lead agency for such studies under section 21(e) of PL 95-372

IV. OTHER OCS PROGRAM ACTIVITIES

Along with the leasing and operational activities which marked the DOI's efforts to meet the goals of the OCS Lands Act during FY 1983, a number of related activities were carried out.

A. Fair Market Value

Personnel of the MMS were involved in a task force to improve procedures for determining fair market value. The task force completed its analysis in February 1983, and a decision was made to implement a two-phase bid adequacy procedure beginning with the first areawide lease offering, the Mid-Atlantic Sale No. 76 on April 26, 1983. The final report of the OCS Fair Market Value Task Force is available in the publication "Procedures for OCS Bid Adequacy," MMS 1983.

B. Alternative Bidding Systems

FY 1983 was the last year of the 5-year test period for alternative bidding systems specified in the OCS Lands Act Amendments of 1978. During the test period, at least 20 percent of the acreage offered each year was required to be offered under alternative bidding systems. In FY 1983, approximately 23 percent of all blocks were offered with alternative bidding systems. The following table presents the results of the alternative bidding systems used in the FY 1983 lease sales.

	FY 1983 Offered			Leased/Rejected		
Sale No.	Fixed Royalty	Alternative	Total	Fixed Royalty	Alternative	Total
71	274	64	338	105/3	16/1	121/4
69(1)	141	3	144	54/10	2/1	56/11
69(2)	125	0	125	11/2	0/0	11/2
57	295	123	418	52/2	7/3	59/5
70	331	148	479	81/1	15/0	*96/1
76	3,190	860	4,050	35/3	2/0	**37/3
72	5,056	1,994	7,050	602/33	21/0	623/33
78	2,684	898	3,582	11/0	0/0	11/0
74	4,842	1,006	5,848	403/29	3/1	406/30***
Total	16,938 (77%)	5,096 (23%)	22,034 (100%)	1,354/83	66/6	1,420/89

* Issuance of 96 leases in Sale No. 70 was delayed by litigation.

** Issuance of 4 of the 37 leases in Sale No. 76 was delayed by litigation.

*** Two of the 30 leases in Sale No. 74 were not executed and the 1/5 of the bonus submitted with the bids was forfeited.

C. Stratigraphic Tests

During FY 1983, all activities regarding deep stratigraphic tests took place in the Bering Sea offshore Alaska. One well was spudded, one was completed, and data on two wells were released in Open-File Reports.

The North Aleutian Shelf COST No. 1 well was completed in January 1983 to a depth of 17,115 feet. The well was spudded in September 1982 and was located 80 miles northeast of Cold Bay. ARCO was the operator.

The Navarin Basin COST No. 1 well was spudded in May 1983 by ARCO 530 miles northwest of Cold Bay.

Data on two stratigraphic test wells were released to the open files. These test wells were the Norton Sound COST Nos. 1 and 2. Both wells were in Norton Basin -- one 54 miles southwest of Nome and the other 50 miles northwest of Kotlik, respectively -- and ARCO was the operator.

The Norton Sound COST No. 1 well was spudded in July 1980 and completed in September 1980 to a depth of 14,683 feet at a cost of $14 million. The Norton Sound COST No. 2 well was spudded in June 1982 and completed in September 1982 to a depth of 14,889 feet at a cost of $32 million. The No. 2 well encountered a show of gas between 12,040 and 12,450 feet. Data on both wells were released pursuant to 30 CFR 251.14-1, which requires that information on deep stratigraphic tests be released (a) 10 years after completion of the well or (b) 60 calendar days after the issuance of the first oil and gas lease within 50 miles (92.6 km) of the well site. Leases were issued for OCS Sale No. 57, Norton Basin, in June 1983. Information on the Norton Sound COST No. 1 and No. 2 wells is available in USGS, MMS Open-File Reports 83-124 and 83-557, respectively. These reports were compiled by MMS and released in August 1983.

D. Strategic/Critical Mineral Leasing Program

On January 19, 1982, the Secretary announced his intention to open the OCS to leasing minerals other than oil and gas, on a case-by-case basis. As an initial effort, the Secretary opted to proceed with planning and developing a sand and gravel sale in the Arctic and a manganese nodules sale in the South Atlantic.

When the OCS leasing functions for minerals were transferred to the MMS from the BLM in May 1982, the MMS continued planning and developing an OCS nonenergy minerals leasing program.

With the declaration by the President on March 10, 1983, of an Exclusive Economic Zone (EEZ) extending 200 miles beyond the borders of the U.S., the opportunities to find new minerals on the ocean floor and to reduce U.S dependence on foreign sources were expanded greatly. The Juan de Fuca Ridge and the Gorda Ridge, off the northwest coast of the U.S., as well as an area within 200 miles of the Hawaiian Islands and other coastal areas, appeared to be especially promising for strategic and critical minerals.

Steps were taken in July 1983 to establish an Office of International Programs and Strategic/Critical Minerals to develop policy and oversee the leasing of minerals offshore other than oil, gas, sulfur, and salt. This office, now established in the Lcs Angeles area, initiated work for a possible polymetallic sulfide lease sale on the Gorda Ridge, offshore Oregon and northern California.[24]

E. Environmental Studies

During FY 1983, the MMS invested $33.4 million in offshore environmental and socioeconomic studies. These studies were performed through contracts awarded to the private sector (54.6 percent), to other Federal agencies (37.8 percent), and to colleges and universities (6.9 percent).

Environmental Studies Program funds were allocated to support national and regional information needs. In FY 1983 the funds were allocated, by region, in the following manner:

Alaska Region	$13.1 million (39.1 percent)
Atlantic Region	7.8 million (23.5 percent
Gulf of Mexico Region	5.5 million (16.4 percent)
Pacific Region	5.2 million (15.5 percent)
*Generic Studies	1.8 million (5.5 percent)

FY 1983 study projects in the Alaska Region were primarily in the Bering and Arctic Regions. These studies delineated endangered species habitats and assessed the impacts of offshore operations on endangered species. Other studies included assessing hazards to offshore operations from sea ice and the oceanographic conditions, effects of offshore operations on native communities, behavior of spilled oil, and the effects of offshore operations on commercial and subsistence species.

Atlantic Region expenditures were relatively constant during the last 2 fiscal years. The Georges Bank Monitoring Program received continued support to further evaluate the potential effects of OCS oil and gas exploration activities in the waters on and adjacent to the Georges Bank. A monitoring effort pertaining to the biological reconnaissance and characterization of physical transport processes in the deep waters of the continental slope and rise of the North, South, and Mid-Atlantic was initiated in FY 1983. A contract to study the effects of oil on marine turtles in the South Atlantic and GOM was awarded as a joint project between the Atlantic and GOM Regional Offices.

In the GOM Region, FY 1983 expenditures supported a major physical oceanographic effort to describe pollutant transport mechanisms over the continental slope and abyss. An effort to describe the benthic communities of the continental

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*Generic studies have programmatic application or are applicable to all offshore regions.

slope was also initiated. The oceanographic effort will provide support for oil spill trajectory analyses for all future lease sales in the Gulf. Impact studies to coastal areas resulting from long-term development and production activities are continuing in this region.

Pacific Region expenditures have increased over the last 3 fiscal years. In this Region the Studies Program is supporting efforts to identify and clarify chronic long-term effects on the marine ecosystem resulting from development and production activities. This will be accomplished through biological and chemical monitoring around production platforms. A study was begun in FY 1983 to evaluate the effects of oilspill impacts and develop measures to mitigate these effects on the sea otter populations. Efforts were continued to define pollutant transport mechanisms through computer modeling and at-sea measurements. New studies were also initiated to evaluate the cumulative socioeconomic effects of OCS oil and gas development in the Santa Barbara Channel, to mitigate sea-floor conflicts between oil and gas pipelines and the commercial fishing industry, and to gather long-term information concerning intertidal communities in central and northern California.

The funds identified for generic studies were used to support projects which contribute to the overall quality and integrity of the Studies Program. Such efforts included cosponsorship of relevant workshops and conferences, development of a program prospectus and studies abstract file, support to publish research results, and environmental and socioeconomic analyses required under section 18 of the OCS Lands Act, as amended.

F. Consultations with Federal and State Agencies and Private Groups

In keeping with the spirit of the OCS Lands Act, as amended, the DOI maintained extensive contacts during FY 1983 with other Federal and State agencies, the oil and gas industry, environmental organizations, educational and scientific organizations, special interest groups, and private citizens. These contacts were made at national and regional levels in an effort to gain a wide variety of comments about the OCS leasing program and the planning of individual sales. Contacts included formal meetings of the OCS Policy Committee, the six Regional Technical Working Groups, and informal meetings among regional officials and concerned citizen groups at the local level.

Outer Continental Shelf Policy Committee: The OCS Policy Committee is part of the OCS Advisory Board established in 1975 to advise the Secretary of the Interior on policy for offshore mineral leasing. The Committee met twice during FY 1983. The first meeting was in Clearwater, Florida, on December 13-14, 1982, and the second was in Anchorage, Alaska, on August 10-11, 1983. Committee members include Governors' policy representatives from 22 coastal States and Pennsylvania and 11 members from the public and private sectors. Ex-officio representatives are in the Departments of Interior, Defense, Transportation State, Commerce, and Energy, the Environmental Protection Agency, and the Council on Environmental Quality. The Committee is operated by the Office of Offshore Information Services.

Agenda items at the meetings included leasing strategies, environmental assessment, resource evaluation, regulatory reform, legislative activity, offshore leasing of strategic and critical minerals, and research programs--all emphasizing the impacts on State and local resource areas. The Committee forwarded its recommendations to the Secretary of the Interior in the form of resolutions for his consideration. Several of these resolutions were incorporated into Department policy.

Regional Technical Working Groups: Six Regional Technical Working Groups (RTWG) advise the Director of the MMS on technical matters of regional concern regarding OCS prelease and postlease sale activities. Regions represented are the North Atlantic, Mid-Atlantic, South Atlantic, GOM, Pacific, and Alaska.

The Governors of coastal States and Pennsylvania nominate one member each for appointment by the Secretary. Besides these, the Secretary appoints public and private sector representatives. In addition, nonvoting members within the regions represent the Coast Guard, EPA, DOE, National Oceanic and Atmospheric Administration, U.S. Fish and Wildlife Service (FWS), and the MMS. Each RTWG committee is cochaired by a State representative and the appropriate OCS Regional Manager of the MMS. Regional Managers also provide support. The RTWG's maintain a balanced membership to assure that the MMS Director gets timely technical advice representative of significant viewpoints within the States and Regions. The RTWG's held 13 meetings during FY 1983.

Special Studies Program: The MMS entered into a cooperative agreement with the University of Texas (Bureau of Economic Geology) and the Association of American State Geologists. The agreement calls for expenditures of approximately $500,000 for a multidisciplinary special studies program conducted by the Continental Margins Committee. These studies are primarily geologic and are relevant to the needs of coastal States and the DOI's leasing and resource evaluation programs.

Endangered Species and Marine Mammals: During FY 1983, the MMS requested consultation regarding the Endangered Species Act section 7 with the FWS and the National Marine Fisheries Service (NMFS) for oil and gas lease sales offshore Alaska and California and in the North Atlantic. It also initiated formal consultation with the FWS and NMFS on the Gorda Ridge Polymetallic Sulfide Lease Sale planned for FY 1984.

Bureau staff members also met formally and informally with FWS and NMFS officials and with representatives of State and local governments and industry on the possible impacts of offshore oil and gas-related activities and hard-minerals mining on endangered species and marine mammals. Meetings included one with the NMFS and Western Geophysical Corporation in Alaska concerning geological and geophysical permit activities and the bowhead whale, one with industry and government representatives in San Diego during February 1983 over conflicts between biological resources and OCS activities, and a presentation in March 1983 before the Marine Mammal Commission in Hawaii.

G. Regional Consultations and Related Activities

Alaska: The MMS developed an extensive Outreach Program to explain the agency's mission and how oil and gas exploration and development will affect Alaskans. Projects included preparation of a bibliography of MMS publications to be placed in libraries throughout the State, a radio program to solicit questions from the public, a speakers' bureau to supply specialists on MMS activities for civic, school, and other groups, and a printed tabloid for insertion in Statewide newspapers.

Alaska staff members participated in State Tier II meetings for assessment of broken ice oil-spill contingency capabilities in the Joint Federal/State Beaufort Sea (BF) sale area. The staff also coordinated with the State in developing a Joint Federal/State Model OCS Agreement Form for the BF area. Formal discussions were held with the State and industry concerning cleanup capabilities in broken ice for State leases in the BF sale area.

Informal consultations were held with the NMFS concerning a bowhead whale monitoring program during drilling and island construction activities in the BF. Consultations also were held with the NMFS on seismic geological and geophysical activities.

Consultations were held with departmental agencies on proposed lease sales. Meetings on specific lease sales were held as follows:

1. Navarin Basin Lease Sale No. 83 (March 1984): Anchorage, Unalaska, Bethel, Nome, Savoonga, and Gambell.[12]
2. Diapir Field Lease Sale No. 87 (June 1984): Barrow, Wainwright, Anchorage, Kaktovik, and Nuiqsut.[14]
3. Gulf of Alaska/Cook Inlet Lease Sale No. 88 (October 1984): Cordova, Yakutat, Sitka, Ketchikan, Kodiak, Homer, Seward, and Anchorage.[15]

Information received from other agencies, industry, and the public was used to identify significant impacts, issues, mitigating measures, and alternatives during preparation of the EIS's. In addition, scoping meetings enabled MMS to identify specifically the issues and alternatives to be studied in the EIS's.

Atlantic: A series of meetings were held by the RTWG in the three areas under the jurisdiction of the Atlantic Regional Office. The meetings included four concerning North Atlantic lease sales, three in the Mid-Atlantic, and three in the South Atlantic. One of the South Atlantic meetings featured a presentation on the interrelation of the Marine Sanctuary Program and OCS development.

In addition, the MMS North Atlantic Biological Task Force conducted five meetings to discuss issues of scientific and environmental concern. Three public hearings were held to gain input on lease sales which were proposed for the North and South Atlantic areas.

Twelve monthly reports summarizing the issuance of G&G exploration permits in the Atlantic OCS were sent to State Geologists of all Atlantic coastal States. Letters mandated by section 8(g) of the OCS Lands Act were sent to five North Atlantic States informing them that there were no 8(g) blocks included in the lease sale area for North Atlantic Sale No. 82 (May 1984).[4]

Gulf of Mexico: Major coordination efforts were directed toward 1983 and 1984 lease sales in the GOM during FY 1983. For the 1983 sales in the Western, Central, and Eastern Gulf, public hearings were held in October 1982 and the proposed Notices of Sale were forwarded to coastal State Governors in April 1983, January 1983, and July 1983, respectively.

Coordination efforts for 1984 lease sales included scoping briefings for the GOM RTWG in January 1983 in Biloxi, Mississippi, a review of the preliminary draft EIS by the State RTWG members in May 1983, and distribution of the draft EIS to the public in July 1983. Public hearings were held on August 15, 1983. During the Biloxi meetings of the RTWG, the membership was briefed on preliminary plans for the 1985 sales and the Call for Information was distributed in September 1983.

Pacific: Significant meetings and consultations among concerned agencies and groups in the Pacific Region included the following:

Staff members met in October 1982 with the California Department of Fish and Game, California Coastal Commission, and Union Oil Company to discuss State concerns and a proposal for mitigating possible impacts from oil drilling on Lease P-0203.

The MMS sponsored a workshop, "Evaluation of Effluent Dispersion and Fate Models for OCS Platforms," in February 1983 with attendees from the EPA, State and local agencies, academic institutions, and private consulting firms. The MMS accepted a recommendation from the meeting and awarded a contract to Continental Shelf Associates to study the feasibility of a long-term fate model of drilling muds and cuttings.

California's Coastal Commission, State Lands Commission, Department of Fish and Game, Water Resources Control Board, Office of Planning and Research, Air Resources Board, Waste Management Board, and the Secretary of Environmental Affairs, as well as congressional representatives, met on several occasions with MMS officials to discuss preparations for Lease Sales No. 73 (November 1983)[10] and No. 80.[4]

The Pacific RTWG met in May 1983 with representatives from the States of California, Oregon, and Washington, the FWS, NMFS, U.S. Coast Guard, the oil and gas industry, fishery interests, environmental organizations, educational institutions, private consultants, and the public to discuss the draft FY 1985 Environmental Studies Plan (ESP).[25]

The MMS held discussions in July 1983 with DOD representatives on potential conflicts with the military over offshore oil and gas leasing off the California coast. Lines of communication were established for sharing future information on environmental assessments of potential sale areas.

A total of 173 persons from State and local governments, industry, environmental, and other interest groups, testified at hearings in San Diego, Los Angeles, and Ventura in July 1983 on a draft EIS for Lease Sale No. 80. In addition, 291 written comments were submitted to the Pacific OCS Regional Office. Comments which supplemented or improved the analysis and alternatives of the draft EIS were used in developing a final EIS.

H. OCS Oil and Gas Information Program

The OCS Oil and Gas Information Program (OCSIP) was established in 1978 in response to a mandate of the OCS Lands Act Amendments, section 26, which requires the production of Regional Summary Reports and Indexes for planning purposes. Summary reports are prepared for each OCS planning area and are designed to provide State, regional, and local planners with current information for use in anticipating and planning for onshore impacts of offshore oil and gas-related activities. These reports are also used extensively by industry representatives, private citizens, and Federal officials. Summarized information includes the most recent G&G data, resource and reserve estimates, the magnitude and timing of exploration, development, and production activities, transportation plans, and nature and location of onshore facilities. Relevant Federal, State, and local studies and issues are also included.

The information presented in a Summary Report is a synthesis of information obtained through field interviews with Federal, State, and local representatives, and the private and public sectors, coupled with analyses of relevant Government and industry studies and publications. Indexes list all relevant, actual or proposed programs, plans, and reports used by the Federal Government in the pre- and post-sale OCS leasing process. They also describe and explain the significant steps in the OCS oil and gas leasing process. Furthermore, the Indexes contain the only consolidated directory of Federal and State agencies involved in the OCS leasing process. OCSIP documents are available through the Office of Offshore Information Services.

During FY 1983, three Indexes were updated:

-- Pacific Index (July 1981--March 1983)
-- Atlantic Index (June 1981--May 1983)
-- Gulf of Mexico Index (September 1982--July 1983)

In addition, six Summary Reports were revised and five were updated:

-- Pacific Summary Report (September 1983)
-- Gulf of Mexico Summary Report (September 1983)
-- Mid-Atlantic Summary Report (October 1983)
-- North Atlantic Summary Report Update (February 1983)
-- North Atlantic Summary Report Update (June 1983)
-- South Atlantic Summary Report Update (February 1983)
-- South Atlantic Summary Report (December 1983)
-- Bering Sea Summary Report (September 1983)
-- Arctic Summary Report (January 1983)
-- Arctic Summary Report Update (September 1983)
-- Gulf of Alaska Summary Report Update (April 1983)

I. OCS Referral Center

The OCS Referral Center was established in 1978 in response to requests for a single information contact within the Department for OCS activities. The center provides services to the public, Federal agencies, coastal States, industry, private organizations, and the Congress. Inquiries are answered directly by the Center or are referred to an office or individual with expertise on a given subject. The Center is operated by the Office of Offshore Information Services under the Associate Director for Offshore Minerals Management.

V. RECEIPTS, OBLIGATIONS, AND EXPENDITURES

Total receipts and expenditures for the OCS Program during FY 1983 are listed below:

A. Receipts (Account 141820)

Bonuses and Rents [1]	$ 7,543,766,624
Royalties (Account 142020)	2,947,728,610
TOTAL RECEIPTS	$10,491,495,234

Escrow (Accounts 6704, 6705, 6707)

Bonuses	$ 451,883,698
Rents	3,018,660
Interests	393,840,588
Royalty	44,745,880
TOTAL	$ 893,488,826
TOTAL RECEIPTS AND ESCROW	$11,384,984,060

B. Offshore Energy Program Obligations (Estimates)

Salaries and Benefits	$ 37,699,000
Travel and Per Diem	1,920,000
Contractual Services	59,778,000
Other	5,479,000
TOTAL	$ 104,876,000

C. Total Amount Accrued to 8(g) Escrow Account as of September 30, 1983

Bonuses	$ 3,336,694,029
Rents	5,448,634
Royalty	81,963,549
TOTAL	$ 3,424,106,212
Interest Realized on Redeemed Investments 2/	$ 1,132,505,718
Interest Accrued on Outstanding Investments 3/	59,488,794
TOTAL	$ 4,616,100,724

D. Beaufort Sea Section 7 Account

Bonuses	$ 701,226,756
Rents	1,218,870
TOTAL	$ 702,445,626
Interest Realized on Redeemed Investments 2/	$ 278,840,054
Interest Accrued on Outstanding Investments 3/	4,500,788
TOTAL	$ 985,786,468

1/ Includes transfers of $814,693,040 to the Land and Water Conservation Fund and $150,000,000 to the Historic Preservation Fund.

2/ Interest Realized -- The difference between the cost of purchased securities and cash received (face value) upon their redemption.

3/ Interest Accrued -- An estimated amount that is computed under the assumption that the outstanding securities will be redeemed when they mature. A premature redemption could result in a gain or loss, depending on the market value of the securities at the time of redemption. However, no premature redemptions are expected.

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VI. RECOMMENDATIONS TO CONGRESS

Section 15(1)(E) of the OCS Lands Act, as amended, requires that the Secretary send to the Congress: (1) recommendations for the improvement in management, safety, and amount of production from leasing and operations and (2) recommendations for resolution of jurisdictional conflicts or ambiguities.

The DOI has no recommendations at this time for amending the OCS Lands Act.

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VII. FOOTNOTES -- PROGRAM UPDATE

1. Leases on 100 of the 1,420 tracts were not issued until after the end of FY 1983 because of litigation. These 100 tracts included the 96 tracts for which bids had been accepted in Sale No. 70 (St. George Basin, Alaska), and 4 of the 37 tracts for which bids had been accepted in Sale No. 76 (Mid-Atlantic). (See Page 1.)

2. The Supreme Court reversed the Ninth Circuit on January 11, 1984, ruling that a consistency determination at the lease sale stage is not required by law. (See Page 2.)

3. Sale No. 52 (Georges Bank area of the North Atlantic) was cancelled on November 21, 1983, because of the extended delay caused by litigation filed by the Conservation Law Foundation of New England and the Commonwealth of Massachusettts, and because another sale, including the blocks that would have been included in Sale No. 52, was scheduled for February 1984; i.e., Sale No. 82 (North Atlantic). A determination was made that cancellation of Sale No. 52 was not a significant revision to the approved 5-year leasing program. Meanwhile, Sale No. 82 has been placed on hold while all issues related to it are reviewed. (See Pages 2, 5, and 9.)

4. In the FY 1984 Interior Department Appropriations Act (P.L. 98-181), signed November 30, 1983, the Congress expanded its offshore leasing bans to cover a total of 52.7 million acres. Previous areas off limits included 35.0 million acres off the central and northern California coast, banned from leasing in FY 1983, and 0.5 million acres seaward of the Point Reyes National Seashore, ruled out by the OCS Lands Act Amendments of 1978. (See Page 3.) New areas banned by P.L. 98-181 were:

   ° 1.6 million acres off southern California. This acreage included an area adjacent to Santa Monica Bay; an area 3 to 21 miles wide extending from offshore Newport Beach to the U.S.-Mexican border; tracts in the Santa Barbara Ecological Preserve, and tracts in a 3- to 6-mile band around the Channel Islands Marine Sanctuary. All of this acreage affected Sale No. 80, which was placed on hold in December 1983 by the Secretary until such time as State and military concerns are addressed. The military requested deferral of 8.7 million acres off the southern California coast. (See Pages 9 and 49.)

   ° 7.4 million acres in the eastern GOM. This acreage included tracts in the Seagrass beds off the west coast of Florida; the Florida Middle Ground; an area within the 20-meter isobath south of 26° N. latitude, and a 20- to 30-mile buffer off the west coast of Florida. This acreage affected Sale No. 79, held January 5, 1984. (See Page 9.)

   ° 8.2 million acres of submarine canyons and canyonheads in the North Atlantic. This acreage affected Sale No. 82, which was placed on hold by the Secretary in December 1983 while all issues related to it are reviewed, including State and boundary issues. The acreage ban prohibited the 8.2 million acres from being studied for future sales. (See Pages 9 and 48.)

5. On December 22, 1983, Secretary Clark signed Secretarial Order No. 3099. This order realigned six bureaus and offices of the DOI under two Assistant Secretaries and retitled the positions. The MMS, BLM, and the Office of Surface Mining were assigned to the Assistant Secretary for Land and Minerals Management. The USGS, Bureau of Reclamation, and Bureau of Mines were assigned to the Assistant Secretary for Water and Science. The order did not change the responsibilities or internal organizations of any of the affected bureaus and offices. (Offshore Minerals Management Organization Chart, Figure 3.) (Also See Page 4.)

6. On January 4, 1984, the District Court for Alaska granted the Department's motion for summary judgment in the case involving Sale No. 71 (Diapir Field, Alaska). The plaintiffs filed a notice of appeal on March 2, 1984. (See Page 5.)

7. The oral arguments in the case affecting Sale No. 57 (Norton Basin, Alaska) were heard by the Ninth Circuit Court on October 7, 1983. (See Page 7.)

8. On February 3, 1984, the Ninth Circuit Court dissolved the injunction which had prevented the Department from issuing leases on 96 tracts in Sale No. 70 (St. George Basin, Alaska). The Department executed the leases after the court ruled. On March 12, 1984, the Ninth Circuit Court ruled favorably for the Department on the merits of the suit brought by the Village of False Pass and others. (See Page 7.)

9. The lawsuit by the State of New York was settled out of court on January 17, 1984, and was dismissed. Leases for the four blocks were issued thereafter. Two other suits involving Sale No. 76 also were dismissed because the blocks at issue were not bid on. (See Page 8.)

10. Sale No. 73 (Central California) was scheduled for November 30, 1983, but was delayed by a preliminary injunction issued by the District Court. Bids were opened on December 20, 1983, pursuant to an order by Supreme Court Justice William H. Rehnquist, and leases were issued effective February 1, 1984, pursuant to a Supreme Court decision of January 11, 1984. (See Pages 9 and 49.)

11. Sale No. 79 (Eastern Gulf of Mexico) was held on January 5, 1984. A determination was made that changing this sale date did not constitute a significant revision to the approved 5-year leasing program. (See Page 9.)

12. Sale No. 83 (Navarin Basin, Alaska), originally scheduled for March 1984, will be held on April 17, 1984. A determination was made that changing this sale date did not constitute a significant revision to the approved 5-year leasing program. (See pages 9 and 48.)

13. Sale No. 81 (Central Gulf of Mexico) will be held on April 24, 1984. (See Page 9.)

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14. Sale No. 87 (Diapir Field, Alaska), originally scheduled for June 1984, has been delayed to July 1984. A determination was made that a change in the sale date did not constitute a significant revision to the approved 5-year leasing program. By letter of March 13, 1984, the Department notified Alaska Governor Sheffield that areas identified as having lower hydrocarbon potential had been eliminated from the proposed Notice of Sale. This would defer to future sales about half of the acreage in the planning area, including substantial acreage which the State had proposed deferring. This action narrowed the scope of the proposed lease sale to areas of higher industry interest and hydrocarbon potential, including areas adjacent to recent discoveries. (See Pages 9 and 48.)

15. Secretary Clark notified Governor Sheffield on March 9, 1984, that he would ask for information on industry interest in leasing areas in the Gulf of Alaska/ Cook Inlet and for comment on whether Sale No. 88, proposed for October 1984, should proceed and in what form. The reason for the request is because of poor exploration results and substantial relinquishment of existing leases by industry. (See Pages 9 and 48.)

16. Secretary Clark notified Governor Sheffield on March 9, 1984, that he was separating the environmental analysis for Sale No. 89 (St. George Basin) from the analysis for Sale No. 92, North Aleutian Shelf. He also advised the Governor that he was initiating procedures to delay the latter sale from April to August 1985. Sale No. 89 was rescheduled from December 1984 to April 1985. (See Page 12.)

17. In the letter of March 9, 1984, Secretary Clark notified Governor Sheffield that he was initiating procedures to delete Sale No. 85 (Barrow Arch) from the current 5-year leasing schedule to provide for a further assessment of operations in heavy ice conditions. (See Page 12.)

18. The sand and gravel sale scheduled for February 1984 has been placed on hold pending determination of interest on the part of industry. A second sand and gravel sale, scheduled tentatively for August 1984, has been dropped. (See Page 12.)

19. Drilling from the Mukluk Gravel Island was discontinued early in 1984 after tests indicated no commercially producible hydrocarbons. (See Page 16.)

20. Shell Oil Co. completed its first well on December 25, 1983. A second well was started on December 28, 1983, in 5,836 feet of water. No oil or gas has been reported in either well. (See Page 16.)

21. 30 CFR 250.34-3 was published in final form on December 13, 1983, and became effective on January 12, 1984. (See Page 38.)

22. 30 CFR 251.6-2(a)(5) became final on November 30, 1983, and went into effect on December 30, 1983. (See Page 38.)

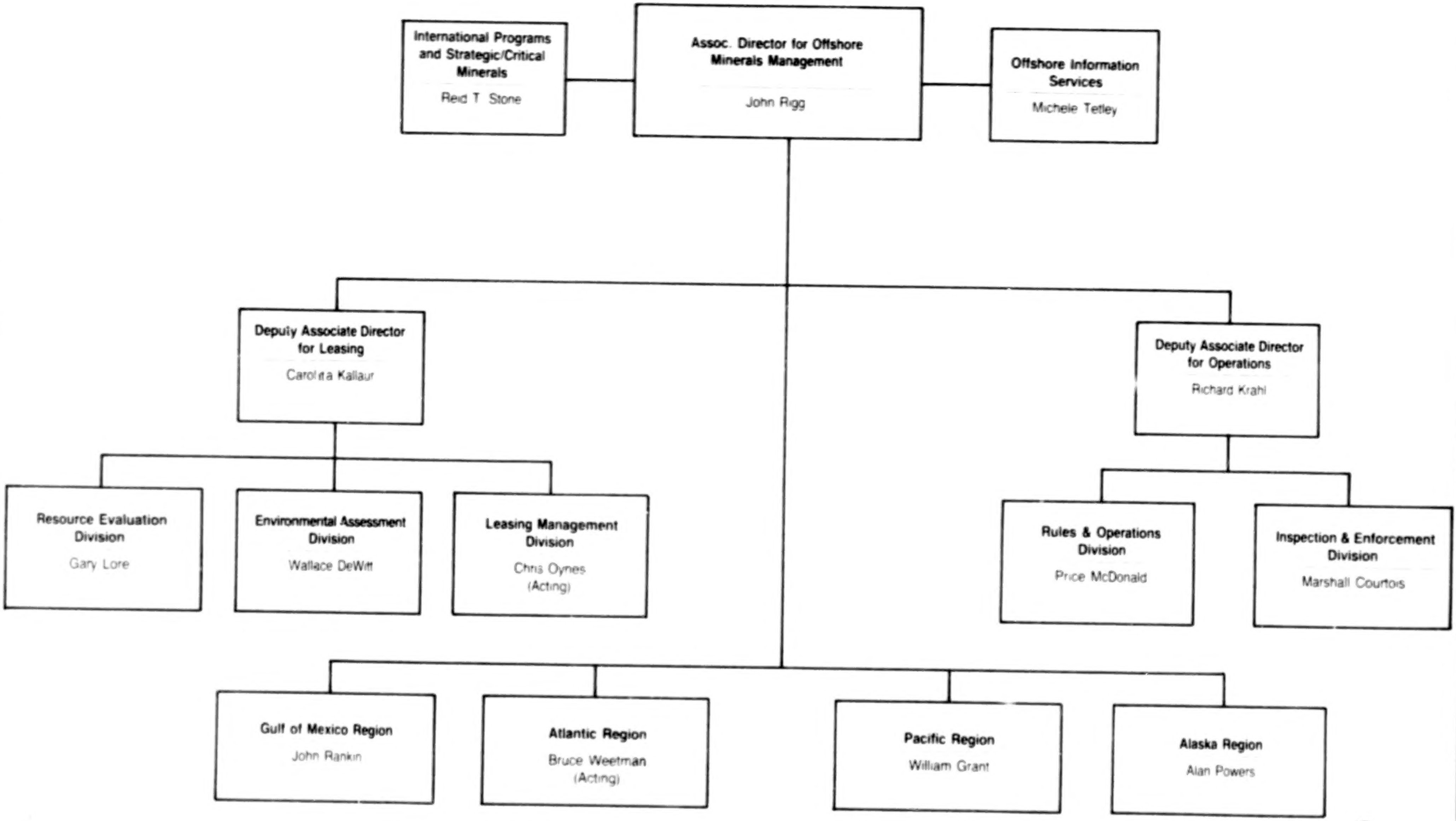
23. 30 CFR 251.11 and 251.12 were published in final form on October 11, 1983, and became effective on November 10, 1983. (See Page 38.)

24. A proposal to lease in the Juan de Fuca area offshore the State of Washington for possible recovery of manganese nodules has been dropped. The polymetallic sulfide lease sale planned for August 1984 on the Gorda Ridge, offshore northern California and Oregon, is on indefinite hold pending the results of a study by a joint State of Oregon/Department of the Interior working group. (See Page 45.)

25. A recommendation to include a study of the "Effects of Offshore Seismic Operations on Fish" was later included in the final FY 1985 Environmental Studies Plan (ESP). (See Page 49.)

AS OF 4/1/84

Figure 3. OFFSHORE MINERALS MANAGEMENT ORGANIZATION CHART



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